

# TARGET

## Intelligence Report

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### **SKY LIGHT HOLDINGS LTD: MANAGEMENT SEEMS TO HAVE AN ANOMALOUS WAY OF LOOKING AT THINGS**

**The 2021 Interim Report Is, However,  
Suggestive Of A Favourable Future**

Since attaining the right to don the purple toga of rank and prominence, thus permitting the Issued and Fully Paid-Up Share Capital of the Company to be listed on the premier equity market of The Stock Exchange of Hongkong Ltd, it was only during the second Financial Year of the Company's incumbency that did Senior Management cause to use black ink on the Bottom Lines of its Annual Report to Shareholders.

After that, it was always red ink that was written in the colour of the Bottom Lines.

The Company, to which **TARGET** (泰達財經) is referring, is Sky Light Holdings Ltd (天彩控股有限公司) (Code: 3882, Main Board, The Stock Exchange of Hongkong Ltd).

The shares of Sky Light Holdings Ltd were first seen on the board of the premier equity market of the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)** on July 2, 2015.

After the 2016 Financial Year had been regulated to history, Management was required only to cause red ink to fill in the required blank spaces of the Consolidated Statement of Profit or Loss, indicating the extent of the Company's Net Losses Attributable to Shareholders.

Sky Light Holdings Ltd, at Page Six of its Annual Report with regard to the 2020 Financial Year, ended December 31, 2020, stated that the Company is principally engaged in the sales, development and manufacture of home surveillance cameras, police cameras, video conference devices, 360-degree cameras, baby monitors, remote learning devices and other imaging products, used for various purposes.

The results of the 2020 Financial Year was yet another dud as far as the Bottom Line of the Company was concerned.

Chairman Terry Tang Wing Fong (鄧榮芳) explains the dreary and persistently debilitating situation of the Company at Page Five of the 2020 Annual Report, thusly:

*‘For the year ended 31 December 2020 (“FY2020”), the Group’s total revenue was around HK\$437.1 million (2019: approximately HK\$549.1 million), which was approximately 20.4% lower than that for the year ended 31 December 2019 (“FY2019”). We recorded a loss of about HK\$71.1 million in FY2020.*

*‘For FY2020, the result is not good due to the following reasons:*

- ‘1. Due to the spread of the coronavirus (“COVID-19”) in the first half of the year, our production was greatly affected. Even customer orders returned to normal in the second half of the year, our revenue was nonetheless limited by the shortage in the supply of semiconductor chips in the market;*
- ‘2. Because of the US tariffs imposed on the products made in China, we moved about 50% of production equipment to our factory in Vietnam. Unfortunately, our Chinese management and technical staff were not able to travel to the factory to support the production there until the second half of 2020 due to the entry restrictions implemented by the Vietnamese Government in response to the COVID-19 pandemic;*
- ‘3. The labor shortage in China and appreciation of renminbi has caused an increase on our costs;*
- ‘4. The appreciation of the renminbi against the HK dollar caused an exchange loss.*

*‘In 2021, we believe the shortage of semiconductor chips and the increase of component prices are the main challenges our business faces. We will work closely with suppliers and actively negotiate with customers on prices and material preparation mechanisms to reduce the related risks.*

*‘We focused on reorganizing our customer portfolio in FY2020, mainly serving quality medium to large-scale customers. We believe that will be an important step to drive future business. Furthermore, we will continue to optimize the Group’s operation so that we can provide efficient service to customers. With our production bases in China and Vietnam, we can provide flexibility for our customers manufacturing in Vietnam and avoid paying US tariffs. To enhance our competitive advantages, we will strengthen our audio and video streaming technology and provide more value to our customers. In any case, we will actively develop market-driven business and products and strive to improve our financial performance...’.*

At Pages Six and Seven of the 2020 Annual Report, under the heading, **‘Management Discussion and Analysis’**, one was informed of the following:

**‘ODM/JDM business**

*‘For FY2020, the Group’s total turnover from the ODM/JDM<sup>1</sup> business was approximately HK\$437.1 million, which was about 20% lower compared to HK\$549.1 millions (sic) for FY2019. We recorded a loss of about HK\$71.1 million in FY2020.*

*‘The decrease in revenue was primarily due to our production being greatly affected by the outbreak of COVID-19 in the first half of 2020. Even customer orders returned to normal in the second half of 2020, our revenue was nonetheless limited by the shortage in the supply of semiconductor chips in the market. Furthermore, our Chinese management and technical staff were not able to travel to Vietnam to support the production there until the second half of 2020 due to the entry restrictions implemented by the Vietnamese Government in response to the COVID-19 pandemic.*

*‘Our factory is located in Hanoi, Vietnam, plant area of about 7,000 square meters, has five SMT placement machine production lines and 12 assembly packaging production lines. By the end of 2020, the Vietnam factory has more than 600 employees and a monthly production capacity of 130,000 units. In 2020, it has become one of the company’s main production bases, and ... [CLICK TO ORDER FULL ARTICLE](#)*

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