SKY LIGHT HOLDINGS LIMITED
天彩控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3882)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2015	2014	Change %
	HK$'000	*HK$'000*	
	(Unaudited)	(Unaudited)	
REVENUE	**1,299,378**	693,641	87.3%
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	**96,383**	48,322	99.5%
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY BEFORE LISTING EXPENSE	**119,464**	48,322	147.2%
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY BEFORE LISTING EXPENSE AND SHARE OPTION EXPENSE	**120,858**	48,322	150.1%
PROPOSED INTERIM DIVIDENDS HK6 CENTS PER ORDINARY SHARE	**48,019**	–	Not Applicable

The board (the "Board") of directors ("Directors") of Sky Light Holdings Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2015 ("2015 Interim"), together with the comparative figures for the six months ended 30 June 2014 ("2014 Interim"). These results have been reviewed by Ernst & Young, the external auditors of the Company, and the Company's audit committee (the "Audit Committee").

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2015

	Notes	Six months ended 30 June 2015 HK$'000 (Unaudited)	2014 HK$'000 (Unaudited)
REVENUE	5	**1,299,378**	693,641
Cost of sales		**(1,054,378)**	(551,106)
Gross profit		**245,000**	142,535
Other income and gains	5	**15,184**	2,050
Selling and distribution expenses		**(10,118)**	(7,869)
Administrative expenses		**(78,537)**	(34,607)
Research and development costs		**(49,335)**	(29,666)
Other expenses		**(1,389)**	(12,329)
Finance costs	7	**(2,040)**	(1,012)
PROFIT BEFORE TAX	6	**118,765**	59,102
Income tax expense	8	**(22,382)**	(10,798)
PROFIT FOR THE PERIOD		**96,383**	48,304
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of available-for-sale investments		**(50)**	(72)
Exchange differences on translation of foreign operations		**202**	(2,056)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**152**	(2,128)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**96,535**	46,176
Profit attributable to:			
Owners of the Company		**96,383**	48,322
Non-controlling interests		**–**	(18)
		96,383	48,304
Total comprehensive income attributable to:			
Owners of the Company		**96,535**	46,194
Non-controlling interests		**–**	(18)
		96,535	46,176
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	10	**HK$0.16**	HK$0.08
Diluted	10	**HK$0.16**	HK$0.08

Details of the interim dividends proposed for the six months ended 30 June 2015 are disclosed in note 9 to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2015

	Notes	**30 June 2015** *HK$'000* **(Unaudited)**	31 December 2014 *HK$'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**109,952**	101,260
Prepaid land lease payments		**2,943**	2,990
Intangible assets		**12,245**	6,315
Non-current prepayments		**27,631**	11,382
Deferred tax assets		**2,855**	2,634
Total non-current assets		**155,626**	124,581
CURRENT ASSETS			
Inventories	*11*	**254,508**	192,996
Trade receivables	*12*	**347,291**	251,235
Bills receivable		**11,437**	18,148
Available-for-sale investments		**3,028**	70,263
Due from a related party		**1,555**	1,792
Prepayments, deposits and other receivables		**82,834**	67,826
Pledged deposits		**71,287**	27,001
Cash and cash equivalents		**95,509**	167,167
Total current assets		**867,449**	796,428
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*13*	**228,364**	164,826
Trade payables	*14*	**341,523**	275,215
Bills payable		**12,723**	1,390
Dividend payable		**–**	150,000
Other payables and accruals		**89,871**	79,570
Derivative financial instruments		**3,321**	6,107
Tax payable		**24,806**	22,156
Due to related parties		**1,767**	1,793
Total current liabilities		**702,375**	701,057
NET CURRENT ASSETS		**165,074**	95,371
TOTAL ASSETS LESS CURRENT LIABILITIES		**320,700**	219,952
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**3,690**	871
Total non-current liabilities		**3,690**	871
Net assets		**317,010**	219,081
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**10**	10
Reserves		**268,981**	219,071
Proposed dividends		**48,019**	–
Total equity		**317,010**	219,081

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 18 December 2013. The Company's registered office address is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. During the period, the Group was principally engaged in:

- Manufacture and distribution of action camera products and related accessories
- Manufacture and distribution of home imaging products
- Manufacture and distribution of digital imaging products
- Manufacture and distribution of other electronic products

In the opinion of the Directors, as at the date of this announcement, the immediate holding company and ultimate holding company of the Company is Fortune Six Investment Ltd., a company incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2014.

The interim condensed consolidated financial statements have been prepared under the historical cost convention, except for available-for-sale investments which have been measured at fair value. The interim condensed consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014, except for the adoption of the new or revised standards, interpretation and amendments as of 1 January 2015, noted below:

Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*
Annual Improvements 2010–2012 Cycle	*Amendments to a number of HKFRSs*
Annual Improvements 2011–2013 Cycle	*Amendments to a number of HKFRSs*

The adoption of these new and revised HKFRSs has had no significant financial effect on these condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these condensed consolidated financial statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4. OPERATING SEGMENT INFORMATION

The Group focused primarily on the manufacture and selling of action camera products and related accessories during the period. Information reported to the Group's management, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
United States of America	**1,064,610**	582,907
Mainland China	**58,791**	21,902
European Union	**29,219**	27,145
Other overseas countries	**146,758**	61,687
	1,299,378	693,641

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	30 June	31 December
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Mainland China	**147,377**	116,469
Hong Kong	**5,394**	5,478
	152,771	121,947

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

Information about a major customer

Revenue derived from sales to a single customer, which accounted for 10% or more of the total revenue, is set out below:

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Customer A	**951,403**	527,826

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the period.

An analysis of revenue, other income and gains is as follows:

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
Sale of goods	**1,299,378**	693,641
Other income and gains		
Bank interest income	**780**	814
Government grants:		
Related to income*	**529**	–
Fair value gains, net:		
Derivative instruments — transactions not qualifying as hedges	**2,787**	–
Investment income from available-for-sale investments	**104**	927
Exchange gains	**10,466**	–
Others	**518**	309
	15,184	2,050

* The amount mainly represents rewards or subsidies on research activities received from the local government. There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**1,046,434**	549,650
Depreciation	**12,708**	10,068
Amortisation of prepaid land lease payments	**48**	48
Amortisation of intangible assets	**327**	58
Research and development costs	**49,335**	29,666
Minimum lease payments under operating leases	**7,161**	4,186
Write-down of inventories to net realisable value	**7,944**	1,456
Fair value (gains)/losses, net:		
Derivative instruments — transactions not qualifying as hedges	**(2,787)**	8,453
Exchange (gains)/losses, net	**(10,466)**	3,054
Loss on disposal of items of property, plant and equipment	**1,103**	816

7. FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on bank loans	**2,040**	1,012

8. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

Hong Kong profits tax has been provided at the rate of 16.5% (30 June 2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

Pursuant to the People's Republic of China ("PRC") Income Tax Law and the respective regulations, the subsidiaries which operate in Mainland China are subject to Corporate Income Tax ("CIT") at a rate of 25% on the taxable income. Preferential tax treatment is available to two of the Group's principal operating subsidiaries, Sky Light Electronics (SZ) Limited (天彩電子(深圳)有限公司), and Sky Light Technology (HY) Limited (河源市新天彩科技有限公司) since they were recognised as a High and New Technology Enterprise and were entitled to a preferential tax rate of 15% for the 2015 Interim and the 2014 Interim.

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Group:		
Charge for the period		
Current — Mainland China	**9,434**	2,258
Current — Hong Kong	**10,350**	12,253
Deferred	**2,598**	(3,713)
Total tax charge for the period	**22,382**	10,798

9. DIVIDENDS

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Dividends	**–**	82,754
Proposed interim — HK6 cents (2014: Nil) per ordinary share	**48,019**	–
	48,019	82,754

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share for the period is based on the consolidated profit for the period attributable to the ordinary equity holders of the company, and on the basis that 600,000,000 ordinary shares, being the number of shares immediately prior to the issuance of new shares on 2 July 2015, were in issue during the period, and assuming the capitalisation issue had been completed on 1 January 2014.

The calculation of the diluted earnings per share amounts is based on the consolidated profit for the period attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculations (HK$'000)	**96,383**	48,322
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation	**600,000,000**	600,000,000
Effect of dilution — weighted average number of ordinary shares: share option	**8,472,874**	–
Adjusted weighted average number of ordinary shares in issue used in the diluted earnings per share calculation	**608,472,874**	600,000,000
Basic earnings per share (HK$)	**0.16**	0.08
Diluted earnings per share (HK$)	**0.16**	0.08

11. INVENTORIES

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Raw materials	**114,711**	87,839
Work in progress	**107,086**	66,725
Finished goods	**32,711**	38,432
	254,508	192,996

12. TRADE RECEIVABLES

The Group requires most of its customers to make payment in advance, however, the Group grants certain credit periods to those customers with good payment history. The credit period for specific customers is considered on a case-by-case basis and is set out in the sales contracts, as appropriate.

The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing and the carrying amounts of the trade receivables approximate to their fair values.

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**292,404**	246,355
31 to 60 days	**45,593**	3,675
61 to 90 days	**4,943**	123
Over 90 days	**4,351**	1,082
	347,291	251,235

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2015 (Unaudited)			31 December 2014 (Audited)		
Current	**Effective interest rate (%)**	**Maturity**	***HK$'000***	Effective interest rate (%)	Maturity	*HK$'000*
Bank loans — secured	1.5–1.8	2016	228,364	1.6–1.8	2015	164,826

	30 June 2015	31 December 2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Analysed into:		
Bank loans:		
Within one year	**228,364**	164,826

Certain of the Group's bank loans are secured by:

(i) the pledge of certain of the Group's time deposits amounting to HK$71,287,000 at 30 June 2015 (31 December 2014: HK$27,001,000);

(ii) mortgages over the Group's buildings, which had an aggregate carrying value amounting to HK$2,025,000 at 30 June 2015 (31 December 2014: HK$2,058,000); and

(iii) mortgages over the Group's prepaid land lease payments, which had an aggregate carrying value amounting to HK$3,038,000 at 30 June 2015 (31 December 2014: HK$3,085,000).

In addition, a director of the Company has guaranteed the Group's bank loans up to HK$228,364,000 as at 30 June 2015 (31 December 2014: HK$164,826,000).

14. TRADE PAYABLES

An aged analysis of the trade payables as at 30 June 2015, based on the invoice date, is as follows:

	30 June 2015 *HK$'000* **(Unaudited)**	31 December 2014 *HK$'000* (Audited)
Within 30 days	**179,988**	109,217
31 to 60 days	**73,337**	108,843
61 to 90 days	**47,371**	45,397
Over 90 days	**40,827**	11,758
	341,523	275,215

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 60 days.

15. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of its plant, office premises and staff quarters under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to six years.

At 30 June 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2015 *HK$'000* **(Unaudited)**	31 December 2014 *HK$'000* (Audited)
Within one year	**13,852**	5,601
In the second to sixth years, inclusive	**41,980**	3,485
	55,832	9,086

16. COMMITMENTS

In addition to the operating lease commitments detailed in note 15 above, the Group had the following capital commitments at the end of the reporting period:

	30 June 2015 *HK$'000* **(Unaudited)**	31 December 2014 *HK$'000* (Audited)
Contracted, but not provided for:		
Plant and machinery	**17,329**	5,656

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The Group is principally engaged in developing and manufacturing action cameras and related accessories, home imaging products, smart wearable products and other digital imaging products such as car camcorders, police cameras and other imaging products for various purposes. Especially, the Group is a leading digital imaging device and solution provider for the action camera industry and has successfully grown into an important player in home imaging industry.

The shares of the Company were listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 2 July 2015.

For the 2015 Interim, the Group's turnover climbed to approximately HK$1,299.4 million (2014 Interim: HK$693.6 million), a year-on-year growth of 87.3%, which predominately from the significant growth in action camera and home imaging business. The revenue of 2015 Interim mainly consists of (1) revenue of HK$992.7 million from sales of action cameras and related accessories; (2) revenue of HK$183.3 million from sales of home imaging products; (3) revenue of HK$89.8 million from sales of digital imaging products; and (4) revenue of HK$33.5 million from sales of other products or services.

Since we entered into the action camera market in 2005, we have been successful in pioneering the design and development of action camera products. Riding on the considerable growth of the global action camera market and our stable market position, we have achieved revenue of HK$992.7 million from sales of action cameras in the 2015 Interim, up significantly from HK$602.3 million in the 2014 Interim, representing an increase of 64.8%.

We have successfully entered into business with existing and new customers for our newly developed cloud camera, our first home imaging product which began commercial shipment in the third quarter of 2014. Revenue of home imaging products soared from HK$618,000 to HK$183.3 million was mainly attributable to the Group's correct positioning of focusing on high-end products designed for clients in the United States of America ("U.S." or "United States"). The business operation has grown to become one of our major revenue sources, contributing 14.1% of our total revenue for the 2015 Interim.

Furthermore, the digital imaging business has remained stable in sales, owing to steady demand from our existing customers. In addition, our smart wearable products commenced shipment in June 2015.

Prospects

Based on close monitoring of the macro economy and the available data over the past two years, the U.S. appears well on its way to economic recovery. This trend, plus further quantitative easing measures employed by the European Central Bank mean that besides the U.S., the Eurozone should also sustain recovery momentum, thus facilitating the economic growth of other regions around the world. The volume of orders for this year that we have secured also matches this view, so the management is optimistic about the Group's performance over the entire year.

Since our founding, our core operations have mainly focused on the imaging products, and we have successfully shifted from a traditional imaging products manufacturer to become an action camera vendor, and furthermore have introduced home imaging products since 2014. Thus we are well on the way to be a comprehensive smart imaging devices and solutions provider. Our strategies have proven to be effective in the past years, enabling us to remain profitable and continuing to add value for shareholders amid adverse economic conditions.

We aim to maintain our strong market position and expand our product portfolio. Thus, we continue to seek to gain market share and deliver high-quality products and solutions to our customers by pursuing the following strategies as disclosed in the prospectus of the Company dated 19 June 2015 (the "Prospectus"):

- Continue to develop innovative products by further investing in product planning and research and development capabilities

- Deepen our customer relationships and further expand our customer base

- Upgrade and increase our production capacity

- Create and promote our own brands for new products

- Selectively pursue merger and acquisition opportunities along the value chain

With regard to the action camera business, we will strategically collaborate with our largest customer. We believe our leading market position and capabilities have well-positioned us to benefit from the continuing growth of the global action camera market.

For home imaging products, higher definition, better storage and connectivity have contributed to the remarkable market growth. More and more users are buying smart home cameras for home surveillance, as well as child care and elder care. With higher definition and interaction with smart devices, smart home imaging products are expected to enjoy strong growth in the near future. We believe that we are in the right direction for future development and continue to develop more creative home imaging products for a variety of uses with different customers.

As for our digital imaging business, we will continually introduced new niche cameras, such as car camcorders, police cameras and other cameras for specialized use, the Group seeks to grow alongside its new business partners in the coming years. We expect the revenue from the digital imaging business will still not account for a significant portion of our income in 2015.

Marking the beginning of an even bigger change in behavior and culture than smart phones and tablets, smart wearable devices are believed to be one of the fastest-growing consumer products. We intend to develop new house brands for smart wearable products in the future and may provide components or full pack of smart wearable devices to our existing and new customers in the near future.

While we have historically generated the majority of our revenue from the sale of action camera and accessories, we expect our home imaging and smart wearable businesses to grow significantly in the next few years. Capitalizing on our well-defined strategy and solid business foundation, the management has the confidence in the Group's future prospects and will continue seeking to create value for our shareholders.

Financial review

Turnover

Our products consist mainly of the following four categories: (i) action cameras and accessories, (ii) digital imaging, (iii) home imaging, and (iv) others (including smart wearables). The following tables set out the breakdown of our revenue by product type and our revenue from sales of major products:

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Major products		
Action camera and accessories	**992,733**	602,344
Digital imaging	**89,829**	82,668
Home imaging [(1)]	**183,308**	618
Others [(2)]	**33,508**	8,011
Total	**1,299,378**	693,641

Notes:

(1) Home imaging products commenced commercial production and shipment in the third quarter of 2014.

(2) Others include miscellaneous non-imaging products such as Wi-Fi boxes and tooling fees. Smart wearables are also included in this category as they commenced shipment in June 2015 and contribute insignificant revenue to the Group at present.

For the 2015 Interim, the Group has recorded a turnover of approximately HK$1,299.4 million (2014 Interim: HK$693.6 million), representing an increase of approximately 87.3% as compared to the 2014 Interim. This significant increase was mainly attributable to (1) an increase in sales of action cameras which was primarily due to the launch by a major customer of a new camera model in the first half of 2015; and (2) our new home imaging products recording revenue of HK$183.3 million, which represents 14.1% of our total revenue for the 2015 Interim.

By execution of the diversification strategy, the percentage revenue contribution by our largest customer and its designated suppliers (the "Largest Customer") has decreased to approximately 77.4% for the 2015 Interim, as compared to 82.5% in the 2014 Interim, primarily resulting from the impact of the significant growth of our home imaging sales. As the home imaging and smart wearable industries further develop, we expect to sell these new products to an increasing number of customers in the next few years. The Directors expect these new products to become the new growth drivers and significant sources of revenue for our business, with their sales to other customers growing considerably faster than our future sales to our Largest Customer in the next few years.

We sell products mainly to customers in the United States and expect the U.S. market will continue to account for the majority of our revenue in the foreseeable future. Our sales in Mainland China have significantly increased primarily due to increases in sales to certain suppliers of action camera accessories located in Mainland China. The following table sets out the breakdown of revenue by location of customers in terms of absolute amount for the periods indicated:

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
United States	**1,064,610**	582,907
Mainland China	**58,791**	21,902
European Union	**29,219**	27,145
Others countries	**146,758**	61,687
	1,299,378	693,641

Cost of sales

Cost of sales represents costs and expenses directly attributable to the manufacture of our products and comprises (i) raw materials, components and parts, including, among others, key components such as digital signal processors, lenses and sensors, (ii) direct labour, and (iii) production overhead, including mainly depreciation of production equipment and indirect labour.

For the 2015 Interim, cost of sales of the Group amounted to approximately HK$1,054.4 million (2014 Interim: HK$551.1 million), representing an increase of approximately 91.3% as compared to the 2014 Interim, and equivalent to approximately 81.1% (2014 Interim: 79.5%) of the turnover in the period. This increase was mainly attributable to an increase in the cost of raw materials, components and parts as we shipped more action cameras and home imaging products in the period.

Gross profit and gross profit margin

The Group recorded a gross profit amounting to approximately HK$245.0 million for the 2015 Interim (2014 Interim: HK$142.5 million), representing an increase of approximately 71.9% as compared to the 2014 Interim. The gross profit margin decreased from approximately 20.5% for the 2014 Interim to approximately 18.9% for the 2015 Interim. The decrease was primarily due to the decrease in our sales of accessories and certain digital imaging products which had generally higher margins than other products.

Other income and gains and other expenses

Other income and gains and other expenses include mainly (i) exchange gains or loss arising mainly from fluctuations in exchange rates; (ii) fair value gains or losses from derivative financial instruments, which relates to forward currency contracts that we used to manage our foreign currency risk; (iii) investment income from available-for-sale investments, which consist of investments in several wealth management contracts; (iv) bank interest income, and (v) government grants, which consist mainly of rewards and subsidies for research activities granted by the local government with no unfulfilled conditions or contingencies.

For the 2015 Interim, other income and gains of the Group significantly increased by approximately HK$13.1 million while other expenses decreased significantly by HK$10.9 million as compared to the 2014 Interim. This significant fluctuation was primarily attributable to (i) a net increase of HK$13.5 million in exchange gains arising mainly from depreciation of Renminbi ("RMB") against U.S. dollar ("US$") between the invoice and settlement dates of our sales and purchases, and from translation of our US$-denominated trade payables and receivables and from forward currency contracts, and (ii) a net increase of HK$11.2 million in the fair value gain from derivative financial instruments, primarily caused by the anticipated opposite effect on the outstanding forward currency contracts as at each of the end of the two periods, respectively.

Selling and distribution costs

Selling and distribution expenses include mainly (i) salaries and benefits of our sales and marketing staff, (ii) transportation costs for delivery of products, (iii) exhibition and advertising costs, and (iv) entertainment expenses relating to our sales and marketing activities.

For the 2015 Interim, selling and distribution expenses increased by 27.8% to HK$10.1 million from HK$7.9 million for the 2014 Interim. This increase was mainly attributable to an increase of HK$1.5 million in commercial insurance primarily as a result of the fact that we purchased commercial insurance for certain trade receivables as we place strict control on the credit risks.

Administrative expenses

Administrative expenses include mainly (i) salaries and benefits of our management, administrative and finance staff, (ii) rental and office expenses, (iii) professional fees, (iv) other taxes and levies payable to government authorities, and (v) entertainment expenses.

For the 2015 Interim, administrative expenses was approximately HK$78.5 million (2014 Interim: HK$34.6 million). The increase was primarily due to (i) an increase of HK$12.6 million in staff salaries and benefits and office expenses as we hired more management, administrative and finance staff to manage and support our business growth, (ii) an increase of HK$23.1 million in fees incurred in connection with the listing of the Company, and (iii) an increase of share option expenses of HK$1.4 million in connection with the pre-IPO share option ("Pre-IPO Share Option") granted on 29 May 2015.

Research and development costs

Research and development costs include (i) salaries and benefits of our research and development and product planning staff, (ii) raw materials, components and parts used for research and development and product planning and (iii) other miscellaneous costs and expenses such as rental fees, design service fees, depreciation and certification fees.

For the 2015 Interim, we recorded research and development costs of HK$49.3 million, which increased by 66.0% from HK$29.7 million for the 2014 Interim. This increase was mainly attributable to an increase in salaries and benefits for recruitment of more engineers and product planning staff to support our increased efforts to develop new home imaging models, smart wearables and other new products.

Finance costs

For the 2015 Interim, the finance costs of the Group were approximately HK$2.0 million (2014 Interim: HK$1.0 million), representing an increase of approximately 100.0% as compared to the 2014 Interim. This increase was attributable to an increase in average borrowing of US$ amounts from certain banks in Hong Kong for settlement of increased trade payments.

Income tax expense

For the 2015 Interim, the income tax expense of the Group were approximately HK$22.4 million (2014 Interim: HK$10.8 million), representing an increase of approximately HK$11.6 million as compared to the 2014 Interim. This increase was primarily attributable to an increase in current tax charge primarily as a result of the higher profit before tax for the 2015 Interim and an increased amount of withholding tax on dividends distributed by our certain PRC subsidiary to its Hong Kong holding company. Effective income tax rate increased from 18.3% for the 2014 Interim to 18.8% for the 2015 Interim was due to the incurred non-deductible listing expenses during the 2015 Interim.

Net profit

As a result of the foregoing, profit increased by 99.6% to HK$96.4 million for the 2015 Interim from HK$48.3 million for the 2014 Interim. Excluding the listing expenses incurred during the 2015 Interim, our net profit attributable to owners of the Company for the 2015 Interim would have increased by 147.2% as compared to the net profit attributable to owners of the Company for the 2014 Interim.

Net profit margin increased to 7.4% for the 2015 Interim, compared to 7.0% in the 2014 Interim, primarily as a result of the combined effect of encouraging benefits released in current period from investments in research and development in prior period and positive impact from the exchange fluctuation of RMB again US$ in the 2015 Interim.

Liquidity and capital resources

Our principal cash requirements are to pay for working capital needs and capital expenditures for the expansion and upgrade of production facilities. We meet these cash requirements by relying on net cash flows from operating activities as our principal source of funding. The following table sets out our selected interim condensed consolidated cash flow data for the periods indicated.

	Six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
Net cash flows from operating activities	**51,698**	214,614
Net cash flows (used in)/from investing activities	**(21,282)**	45,797
Net cash flows used in financing activities	**(102,074)**	(63,539)
Net (decrease)/increase in cash and cash equivalents	**(71,658)**	196,872
Cash and cash equivalents at beginning of period	**167,167**	104,138
Cash and cash equivalents at end of period	**95,509**	301,010

Net cash from operating activities for the 2015 Interim was HK$51.7 million, which primarily reflected our profit before tax of HK$118.8 million as positively adjusted for depreciation of HK$12.7 million, listing expense of HK$23.1 million and certain other items, as well an decrease in cash of HK$95.0 million related to changes in working capital. The net cash from operating activities was partially offset by tax payments of HK$17.1 million. The decrease in cash related to changes in working capital consisted mainly of (i) an increase in cash of HK$77.6 million due to an increase in trade and bills payables resulting from more purchase as to cope with the increasing demand from sales, partially offset by (ii) a decrease in cash of HK$69.5 million due to an increase in inventories primarily as a result of more raw materials and goods under work in progress as to fulfill the sharp sales demand and (iii) a decrease in cash of HK$89.3 million resulted from an increase in trade and bills receivables due to more credit sales were made to our key customers.

Net cash used in investing activities for the 2015 Interim was HK$21.3 million. This consisted mainly of (1) payment of HK$46.2 million for purchases of items of property, plant and equipment primarily for the installation of additional production lines and the upgrading of certain production equipment to support the growth of our action camera and related accessories business and the launch of our home imaging products, and intangible assets primarily for upgrading our enterprise resource planning system; (2) release of proceeds from available for sale investment of HK$67.2 million for general working capital use, and (3) further placement of pledged deposits of HK$44.3 million in the banks in connection of issuing more bills to our suppliers.

Net cash used in financing activities for the 2015 Interim was HK$102.1 million. This consisted mainly of payments of HK$150.0 million to settle the remaining unpaid portion of the dividend declared for 2014, which was partially offset by an increase in cash from the net increase of bank borrowings of HK$63.5 million.

The Group's cash and cash equivalents were dominated in RMB and US$ as at 30 June 2015.

Borrowing and the pledge of assets

The aggregate amount of our banking facilities as at 31 December 2014 and 30 June 2015 was HK$590.9 million and HK$698.2 million, respectively. As at the same dates, total bank loans in the amounts of HK$164.8 million and HK$228.4 million were outstanding, respectively, and repayable within one year. We obtained an increasing amount of interest-bearing bank and other borrowings primarily to take advantage of their low interest cost for cash management purposes.

The Group's bank and other borrowings are all denominated in US$ and bear fixed interest rates. During the 2015 Interim, the annual interest rate of bank borrowings is 1.5% to 1.8% (Year ended 31 December 2014: 1.6% to 1.8%).

As at 30 June 2015, we had available unutilized banking facilities of approximately HK$406.8 million (31 December 2014: HK$424.7 million). Further details of the Group's bank borrowings are set out in note 13 of the notes to the interim condensed consolidated financial statements.

Certain of our interest-bearing bank and other borrowings as at 31 December 2014 and 30 June 2015 were secured by (i) the pledge of certain of our time deposits in the amounts of HK$27.0 million and HK$71.3 million, respectively, (ii) mortgages over our buildings with aggregate carrying amounts of HK$2.1 million and HK$2.0 million, respectively, and (iii) mortgages over our prepaid land lease payments with carrying amounts of HK$3.1 million and HK$3.0 million, respectively.

Gearing ratio

Gearing ratio is calculated by dividing total debt (which equals interest-bearing bank and other borrowings) by total equity as at the end of the relevant period. Our gearing ratio as at 31 December 2014 and 30 June 2015 was 75.2% and 72.0%, respectively. The decrease in gearing ratio was primarily due to more cash utilized in the 2015 Interim were internally generated from operations.

Capital expenditure

During the 2015 Interim, the Group invested approximately HK$29.9 million (Year ended 31 December 2014: HK$46.1 million) in fixed assets, of which HK$23.6 million (Year ended 31 December 2014: HK$40.8 million) was used for the purchase and upgrade of equipment used for expansion of production facilities.

Off balance sheet transactions

During the 2015 Interim, the Group did not enter into any material off balance sheet transactions.

Foreign exchange exposure and exchange rate risk

We have transactional currency exposure, which arise from sales in currencies other than the relevant operating units, that is, functional currencies. Approximately 99.1% and 99.3% of our sales were denominated in currencies other than the functional currency of the operating units making the sale, whilst approximately 53.1% and 50.6% of inventory costs were denominated in their functional currencies for the 2014 Interim and the 2015 Interim, respectively.

We use forward currency contracts to manage currency risk. As a result of the depreciation of RMB against US$, we managed to account for approximately HK$1.2 million of realized gains on the forward contracts for the 2015 Interim.

As at 30 June 2015, we had outstanding foreign currency forward contracts with notional amounts of US$4.1 million. A fair value gain on the outstanding foreign currency forward contracts of approximately HK$2.8 million had been recognized for the 2015 Interim due to the fair value of the derivative financial instrument liability decreased from HK$6.1 million as at 31 December 2014 to HK$3.3 million as at 30 June 2015.

Treasury policies

We have implemented our internal treasury investment policies since January 2015 which provide the guidelines, requirements and approval process with respect to our treasury investment activities. We regularly evaluate the risks and returns of our wealth management products.

Under our treasury investment policy, we are only allowed to invest in wealth management products with a risk rating of "low", "very low" or "principal-protected" and the wealth management products must be issued by well recognized publicly listed banks. Our treasury investment policy also provides that the outstanding balance of our wealth management products is not allowed to exceed RMB200 million, any plan to increase this monetary limit must be approved by the Board.

We have experienced management team and strict procedures in place to ensure the wealth management products are purchased in compliance with our internal policies and requirements under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The management, internal audit and the Board (including the independent non-executive Directors) will regularly review our compliance with the treasury investment policies and assess the risk associated with our investments. Details of the treasury investment policies have been set out in the section headed "Financial Information" of the Prospectus.

The decrease of HK$67.2 million in available-for-sale investments as two of our wealth management contracts matured during the 2015 Interim and we utilized the released cash for general working capital.

Dividend

The Board has resolved to declare the payment of an interim dividend of HK6 cents in cash per ordinary share for the 2015 Interim. The interim dividend will be paid to the shareholders whose names appear on the register of members of the Company at the close of business at 4:30 p.m. on 16 September 2015, Wednesday. The interim dividend will be paid on or about 30 October 2015, Friday.

We declared special dividends of HK$283.8 million for 2014, of which HK$133.8 million was settled in 2014 and the remaining balance of HK$150.0 million was settled in February 2015.

Closure of register of members

The register of members will be closed from 15 September 2015, Tuesday to 16 September 2015, Wednesday (both dates inclusive), for the purpose of determining the entitlements of the shareholders of the Company to the interim dividend. No transfer of shares may be registered during the said period. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on 14 September 2015, Monday.

Employees and emoluments policy

As at 30 June 2015, the Group had employed a total of 3,608 employees. The staff costs, including directors' emoluments but excluding any contributions to pension scheme, were approximately HK$126.3 million for the 2015 Interim (2014 Interim: HK$62.3 million). All of our employees are paid a fixed salary and a bonus depending on their performance as determined by quarterly assessments. We seek to provide compensation for our research and development staff at above-market rates to attract and retain talent. We regularly review compensation and benefit policies to ensure that our practices are in line with market norms and relevant labour regulations. To provide our employees, among others, additional incentives to enhance our business performance, the Group has adopted the Pre-IPO Share Option Scheme and the Share Option Scheme, under which grantees are entitled to exercise the options to subscribe for Shares subject to the terms and conditions of the respective schemes. For more information on the terms and conditions of the Pre-IPO Share Option Scheme and the Share Option Scheme, see the section headed "Statutory and General Information — Other Information — 14. Share Option Schemes" in Appendix IV to the Prospectus.

Significant investments held

During the 2015 Interim, the Group did not have any significant investments.

Use of proceeds from Global Offering

Our business objectives and planned use of proceeds as stated in the Prospectus were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus. The actual use of proceeds was based on the actual market development. The net proceeds from the Global Offering and exercise of the Over-allotment Option, after deducting underwriting fees and estimated expenses paid or to be payable by us in connection with the listing, were approximately HK$613.0 million. During the period from 2 July 2015 (the "Listing Date"), being the date on which dealings in the shares of the Company first commenced in the Stock Exchange to the date of this announcement, the net proceeds had been applied as follows:

Business objectives as stated in the Prospectus	**Percentage of proceeds as stated in the Prospectus**	**Use of proceeds recalculated according to the actual gross proceeds less estimated listing expense**	**Actual use of proceeds from the Listing Date to the date of this announcement**
		HK$ million	*HK$ million*
Purchase of land or completed properties or offices and purchase of production machinery	37%	226.7	–
Marketing expenditures	19%	116.5	–
Possible mergers and acquisitions	19%	116.5	–
Research and development expenditures	15%	92.0	–
Working capital and general corporate purposes	10%	61.3	61.3
	100%	613.0	61.3

The unused net proceeds have been placed as interest bearing deposits with licensed banks in Hong Kong and the PRC in accordance with the intention of the Board as disclosed in the Prospectus.

Commitment

As at 30 June 2015, the Group's capital commitment and operating lease amounted to HK$17.3 million (31 December 2014: HK$5.7 million) and HK$55.8 million (31 December 2014: HK$9.1 million), respectively. The significant increase in lease commitment was due to the renewal our lease agreements for our Heyuan plant and Shenzhen plant during the 2015 Interim.

Future plans for material investments or capital assets

Save as disclosed in the Prospectus, the Group did not have other plans for material investments or capital assets as at the date of this announcement.

Material acquisitions and disposals of subsidiaries and associated companies

During the 2015 Interim, the Group did not have any material acquisitions and disposals of subsidiaries and associated companies.

Contingent liabilities

As at 30 June 2015, the Group had no significant contingent liabilities.

OTHER INFORMATION

Purchase, sale or redemption of listed securities

The Company is empowered by the applicable Companies Law of the Cayman Islands and the articles of the association of the Company to repurchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange. Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities from the Listing Date up to the date of this announcement.

Audit Committee

The Company established an Audit Committee on 12 June 2015 with its written terms of reference in compliance with the Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system, nominate and monitor external auditors and provide advice and comments to the Board on matters related to corporate governance. The Audit Committee consists of three members, being Mr. Wong Kee Fung Kenneth, Dr. Cheung Wah Keung and Mr. Chan Tsu Ming Louis, all are independent non-executive Directors. Mr. Wong Kee Fung Kenneth currently serves as the chairman of our Audit Committee.

The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed with the management on the internal control and financial reporting matters, including the review of the unaudited interim results and interim report for the 2015 Interim.

Remuneration committee

The Company established a remuneration committee on 12 June 2015 with its written terms of reference in compliance with the Listing Rules. The primary duties of the remuneration committee are to make recommendations to the Board on the remuneration of the Directors and senior management. The remuneration committee consists of three members, being Mr. Wong Kee Fung Kenneth (independent non-executive director), Mr. Tang Wing Fong Terry and Mr. Chan Tsu Ming Louis (independent non-executive director). Mr. Wong Kee Fung Kenneth currently serves as the chairman of the remuneration committee.

Nomination committee

The Company established a nomination committee on 12 June 2015 with its written terms of reference by reference to the code provisions of the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules. The primary duties of the nomination committee are to make recommendations to the Board on the selection of candidates for any Director and senior management positions. The nomination committee comprises three members, being Mr. Tang Wing Fong Terry, Mr. Chan Tsu Ming Louis (independent non-executive director) and Mr. Wong Kee Fung Kenneth (independent non-executive director). Mr. Tang Wing Fong Terry currently serves as the chairman of the nomination committee.

Corporate governance practices

The Company has adopted the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 to the Listing Rules as its own code of corporate governance since the listing of the Company's shares on 2 July 2015. The Company has complied with the code provisions of the CG Code set out therein except for the code provision A.2.1 of the CG Code throughout the period the Listing Date and up to the date of this announcement.

Pursuant to CG Code provision A.2.1, the role(s) of chairman and chief executive should be separated and should not be performed by the same individual. As the duties of chairman and chief executive of the Company are performed by Mr. Tang Wing Fong Terry, the Company has deviated from the CG Code. The Board believes that it is necessary to vest the roles of chairman and chief executive in the same person due to Mr. Tang Wing Fong Terry's experience and established market reputation in the industry, and the importance of Mr. Tang Wing Fong Terry in the strategic development of the Company. The dual role arrangement provides strong and consistent market leadership and is critical for efficient business planning and decision making of the Company. As all major decisions are made in consultation with the members of the Board, and there are three independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board will also continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

Model code for securities transactions by Directors of listed companies (the "Model Code")

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. All Directors have confirmed that, following specific enquiry being made by the Company, they have compiled with the required standard set out in the Model Code throughout the period from the Listing Date and up to the date of this announcement.

Changes in information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Director are set out below:

- Dr. Cheung Wah Keung, independent non-executive Director, has been appointed as an independent non-executive director of China Kingstone Mining Holdings Limited (a company listed on the Stock Exchange under stock code 1380) with effect from 16 July 2015.

Publication of interim results and interim report

This interim results announcement was published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.sky-light.com.hk). The interim report of the Company for the six months ended 30 June 2015 containing information required by the Listing Rules will be dispatched to shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Sky Light Holdings Limited
Tang Wing Fong Terry
Chairman

Hong Kong, 28 August 2015

As at the date of this announcement, the executive Directors are Mr. Tang Wing Fong Terry, Mr. Wu Yongmou and Mr. Lu Yongbin; the non-executive Directors are Mr. Huang Erwin Steve and Ms. Tang Kam Sau; and the independent non-executive Directors are Mr. Chan Tsu Ming Louis, Mr. Wong Kee Fung Kenneth and Dr. Cheung Wah Keung.