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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

	2015 *HK$'000*	2014 *HK$'000*	CHANGE
REVENUE	**2,736,152**	2,092,385	30.8%
GROSS PROFIT MARGIN (%)	**20.0%**	21.3%	-1.3 p.p.t.
PROFIT FOR THE YEAR	**213,517**	201,888	5.8%
ADJUSTED BY:			
LISTING EXPENSE	**22,978**	4,571	402.7%
SHARE OPTION EXPENSE	**8,182**	–	N/A
PROFIT FOR THE YEAR BEFORE LISTING EXPENSE	**236,495**	206,459	14.5%
PROFIT FOR THE YEAR BEFORE LISTING EXPENSE AND SHARE OPTION EXPENSE	**244,677**	206,459	18.5%
CASH AND BANK BALANCES *(NOTE)*	**673,500**	264,431	154.7%
TOTAL EQUITY	**1,010,786**	219,081	361.4%
FINAL DIVIDENDS	**58,423**	–	N/A
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENTS			
BASIC AND DILUTED *(EXPRESSED IN HK$ PER SHARE)*	**0.30**	0.34	-11.8%

Note:

Cash and bank balances include the following items as presented in the consolidated statements of financial position (1) cash and cash equivalents; (2) pledged deposits; and (3) available-for-sale investments included in short term assets.

The board (the "Board") of directors ("Directors") of Sky Light Holdings Limited (the "Company") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2015, together with the comparative figures for the year ended 31 December 2014. These results have been audited by Ernst & Young, the external auditors of the Company, and reviewed by the Company's audit committee (the "Audit Committee").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	**2015** **HK$'000**	2014 *HK$'000*
REVENUE	*5*	**2,736,152**	2,092,385
Cost of sales		**(2,190,009)**	(1,646,618)
Gross profit		**546,143**	445,767
Other income and gains	*5*	**32,183**	7,946
Selling and distribution expenses		**(24,344)**	(15,580)
Administrative expenses		**(145,938)**	(94,961)
Research and development costs		**(136,087)**	(83,379)
Other expenses		**(14,179)**	(10,582)
Finance costs	*7*	**(3,935)**	(2,727)
PROFIT BEFORE TAX	*6*	**253,843**	246,484
Income tax expense	*8*	**(40,326)**	(44,596)
PROFIT FOR THE YEAR		**213,517**	201,888
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		**(247)**	(76)
Exchange differences on translation of foreign operations		**(23,085)**	47
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(23,332)**	(29)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**190,185**	201,859

	Note	2015 HK$'000	2014 HK$'000
Profit attributable to:			
Owners of the parent		**213,517**	201,906
Non-controlling interests		**–**	(18)
		213,517	201,888
Total comprehensive income attributable to:			
Owners of the parent		**190,185**	201,877
Non-controlling interests		**–**	(18)
		190,185	201,859
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (expressed in HK$ per share)	*10*	**0.30**	0.34
Diluted (expressed in HK$ per share)	*10*	**0.30**	0.34

Details of the final dividends proposed for the year ended 31 December 2015 are disclosed in note 9 to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**141,064**	101,260
Prepaid land lease payments		**2,895**	2,990
Intangible assets		**11,529**	6,315
Available-for-sale investments		**7,750**	–
Non-current prepayments		**13,881**	11,382
Deferred tax assets		**5,354**	2,634
Total non-current assets		**182,473**	124,581
CURRENT ASSETS			
Inventories	*11*	**286,119**	192,996
Trade receivables	*12*	**245,466**	251,235
Bills receivable		**10,551**	18,148
Available-for-sale investments		**2,831**	70,263
Due from related parties		**1,682**	1,792
Prepayments, deposits and other receivables		**98,520**	67,826
Pledged deposits		**40,679**	27,001
Cash and cash equivalents		**629,990**	167,167
Total current assets		**1,315,838**	796,428
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*13*	**212,009**	164,826
Trade payables	*14*	**164,064**	275,215
Bills payable		**487**	1,390
Dividend payable		**–**	150,000
Other payables and accruals		**99,690**	79,570
Derivative financial instruments		**3,693**	6,107
Tax payable		**6,061**	22,156
Due to related parties		**650**	1,793
Total current liabilities		**486,654**	701,057
NET CURRENT ASSETS		**829,184**	95,371
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,011,657**	219,952

	2015	2014
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**871**	871
Total non-current liabilities	**871**	871
Net assets	**1,010,786**	219,081
EQUITY		
Equity attributable to owners of the Parent		
Share capital	**8,003**	10
Reserves	**1,002,783**	219,071
	1,010,786	219,081
Non-controlling interests	**–**	–
Total equity	**1,010,786**	219,081

NOTES TO 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 shares of the Company were listed (the "Listing") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 2 July 2015 (the "Listing Date").

The Company is an investment holding company. During the reporting period, the Company's subsidiaries were 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 (the "Directors"), as at the date of this announcement, the immediate holding company and ultimate holding company of the Company are Fortune Six Investment Ltd., a company incorporated in the British Virgin Islands.

In preparation for the listing of the shares of the Company on the Stock Exchange, the Group underwent a corporate reorganisation (the "Reorganisation"), pursuant to which the Company became the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 19 June 2015 (the "Prospectus").

2. BASIS OF PREPARATION

Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 24 January 2014. The companies now comprising the Group were under the common control of the controlling shareholder Tang Wing Fong Terry before and after the Reorganisation. Accordingly, for the purpose of this announcement, the financial statements have been prepared on a consolidated basis by applying the principles of the merger accounting as if the Reorganisation had been completed at the beginning of financial periods presented.

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain available-for-sale investments which have been measured at fair value. These 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 Group has adopted the following revised standards for the first time for the current year's financial statements.

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

Other than as explained below regarding the impact of the standards, the adoption of the above revised standards has had no significant financial effect on these financial statements.

(a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

(b) The *Annual Improvements to HKFRSs 2010–2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- HKAS 24 *Related Party Disclosures:* Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) The *Annual Improvements to HKFRSs 2011–2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendment that is effective for the current year are as follows:

- HKFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

4. OPERATING SEGMENT INFORMATION

The Group focuses primarily on the manufacture and sale of action camera and related accessories during the reporting 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

	2015	2014
	HK$'000	*HK$'000*
United States of America	**2,469,722**	1,786,932
Mainland China	**138,145**	135,647
European Union	**82,125**	62,685
Other overseas countries	**46,160**	107,121
	2,736,152	2,092,385

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

(b) Non-current assets

	2015	2014
	HK$'000	*HK$'000*
Mainland China	**163,662**	116,469
Hong Kong	**13,457**	5,478
	177,119	121,947

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

Information about major customers

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

	2015	2014
	HK$'000	*HK$'000*
Customer A	**1,818,341**	1,573,834
Customer B	**360,593**	22,713

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the reporting period.

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

	2015 *HK$'000*	2014 *HK$'000*
Revenue		
Sale of goods	**2,736,152**	2,092,385
Other income and gains		
Bank interest income	**2,580**	3,011
Government grants:		
Related to income*	**4,477**	1,653
Fair value gains, net:		
Derivative instruments — transactions not qualifying as hedges	**2,415**	–
Investment income from available-for-sale investments	**–**	2,350
Exchange gains	**19,528**	–
Others	**3,183**	932
	32,183	7,946

* The amount mainly represents rewards or subsidies for 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):

	2015 *HK$'000*	2014 *HK$'000*
Cost of inventories sold	**2,163,601**	1,642,913
Depreciation	**25,768**	22,348
Amortisation of prepaid land lease payments*	**95**	95
Amortisation of intangible assets*	**666**	286
Auditors' remuneration	**2,600**	1,266
Research and development costs	**136,087**	83,379
Minimum lease payments under operating leases	**15,349**	8,112
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**307,587**	224,697
Pension scheme contributions	**25,296**	15,907
	332,883	240,604
Write-down of inventories to net realisable value	**26,408**	3,705
Fair value (gains)/losses, net:		
Derivative instruments — transactions not qualifying as hedges	**(2,415)**	6,107
Exchange (gains)/losses, net	**(19,528)**	2,747
Loss on disposal of items of property, plant and equipment	**2,070**	1,098
Listing expenses	**22,978**	4,571

* The amortisation of prepaid land lease payments and the amortisation of intangible assets are included in administrative expense in the profit or loss.

7. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest on bank loans	**3,935**	2,727

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% on the estimated assessable profits arising in Hong Kong from the reporting period.

Pursuant to the 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 treatments are available to two (2014: two) of the Group's principal operating subsidiaries, Sky Light Electronics (Shenzhen) Limited and Sky Light Technology (Heyuan) Limited, since they were recognised as High and New Technology Enterprises and they are entitled to a preferential tax rate of 15% for the reporting period.

	2015	2014
	HK$'000	*HK$'000*
Charge for the year		
Current — Mainland China	**21,012**	15,589
Current — Hong Kong	**22,034**	32,173
Deferred	**(2,720)**	(3,166)
Total tax charge for the year	**40,326**	44,596

9. DIVIDENDS

	2015	2014
	HK$'000	*HK$'000*
Dividends	**–**	283,754
Interim — HK6 cents (2014: Nil) per ordinary share	**48,019**	–
	48,019	283,754

	2015	2014
	HK$'000	*HK$'000*
Proposed final — HK7.3 cents (2014: Nil) per ordinary share	**58,423**	–
	58,423	–

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the year, as if the Reorganisation had been effective since 1 January 2014.

The weighted average number of ordinary shares used to calculate the basic earnings per share for the year ended 31 December 2015 includes the 1,000,000 ordinary shares in issue, 599,000,000 ordinary shares issued pursuant to the capitalisation issue as if the shares had been in issue throughout the year ended 31 December 2015 and 200,000,000 ordinary shares issued on 2 July 2015 and 319,000 ordinary shares allotted on 23 July 2015 in connection with the listing of the Company's ordinary shares on the Stock Exchange.

The number of ordinary shares used to calculate the basic earnings per share for the year ended 31 December 2014 was based on the 600,000,000 ordinary shares, representing the number of shares of the Company immediately after the capitalisation issue, as if the shares had been in issue throughout the year ended 31 December 2014.

	2015	2014
Profit attributable to owners of the Parent (HK$'000)	**213,517**	201,906
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation	**700,416,000**	600,000,000
Effect of dilution — weighted average number of ordinary shares: Share options	**8,534,000**	–
Adjusted weighted average number of ordinary shares in issue used in the diluted earnings per share calculation	**708,950,000**	600,000,000
Basic earnings per share (HK$)	**0.30**	0.34
Diluted earnings per share (HK$)	**0.30**	0.34

11. INVENTORIES

	2015	2014
	HK$'000	*HK$'000*
Raw materials	**142,953**	87,839
Work in progress	**70,463**	66,725
Finished goods	**72,703**	38,432
	286,119	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 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.

An aging analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 30 days	**115,833**	246,355
31 to 60 days	**124,836**	3,675
61 to 90 days	**3,327**	123
Over 90 days	**1,470**	1,082
	245,466	251,235

An aging analysis of the trade and bills receivables that are not individually nor collectively considered to be impaired is as follows:

		Neither past due nor	Past due but not impaired	
	Total	**impaired**	**Less than 60 days**	**Over 60 days**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2015	245,466	244,494	844	128
31 December 2014	251,235	250,153	1,082	–

The trade receivables that were neither past due nor impaired relate to a number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

At 31 December 2015, all of the bank loans of the Group were repayable within one year (2014: repayable within one year) with effective interest rates range from 0.8% to 2.1% per annum (2014: range from 1.6% to 1.8% per annum) and were secured by certain of the Group's assets as follows:

(i) the pledge of certain of the Group's time deposits amounting to HK$40,679,000, and HK$27,001,000 at 31 December 2015 and 2014 respectively;

(ii) mortgages over the Group's buildings, which had aggregate carrying values amounting to HK$1,994,000 and HK$2,058,000 at 31 December 2015 and 2014 respectively; and

(iii) mortgages over the Group's prepaid land lease payments, which had aggregate carrying values amounting to HK$2,990,000 and HK$3,085,000 at 31 December 2015 and 2014 respectively.

14. TRADE PAYABLES

An aging analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 30 days	**75,863**	109,217
31 to 60 days	**65,121**	108,843
61 to 90 days	**16,505**	45,397
Over 90 days	**6,575**	11,758
	164,064	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 five years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015	2014
	HK$'000	*HK$'000*
Within one year	**17,320**	5,601
In the second to fifth years, inclusive	**35,192**	3,485
	52,512	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:

	2015	2014
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Plant and machinery	**6,976**	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. Leveraging our substantial experience spanning across a diverse range of digital imaging products, we differentiate ourselves from other manufacturers by offering design-driven JDM (joint design manufacturing) and ODM (original design manufacturing) solutions to customers. We derive almost all our revenue from JDM and ODM business and expect the two business models will continue to account for the main source of our revenue in the coming years.

The shares of the Company were listed on the Stock Exchange on 2 July 2015.

For the year ended 31 December 2015 ("FY 2015"), the Group's turnover rose to approximately HK$2,736.2 million (2014: HK$2,092.4 million), representing growth of 30.8% as compared to the preceding year which was predominately contributed by the significant growth in home imaging business. The revenue of FY 2015 mainly was consisted of (1) revenue of HK$1,906.7 million from sales of action cameras and related accessories; (2) revenue of HK$541.9 million from sales of home imaging products; (3) revenue of HK$198.7 million from sales of digital imaging products; and (4) revenue of HK$88.9 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 for a decade. Based on our stable market position, we achieved revenue of HK$1,906.7 million from sales of action cameras in FY 2015, up from HK$1,783.5 million for the year ended 31 December 2014 ("FY 2014"), representing an increase of 6.9%.

We have successfully entered into businesses 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$50.3 million to HK$541.9 million and such increase was mainly attributable to the Group's strategy in focusing on high-end products designed for clients in the United States ("U.S."). Such business operation has grown to become one of our major revenue sources, contributing 19.8% of our total revenue for FY 2015.

Furthermore, the digital imaging business has remained stable in sales, owing to steady demand from our existing customers. We have begun the shipment of police cameras to a leading police equipment provider in the United States since December 2015 and launched a car camcorder for a major Chinese internet company in January 2016.

Prospects

Based on constant evaluation of the macro economy and the available data over the past two years, the U.S. appears to be 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.

Since our establishment, our core operations have mainly focused on the imaging products. We have successfully shifted from our positioning as a traditional imaging products manufacturer to become an action camera vendor, and furthermore have introduced home imaging products since 2014. Thus, we are seeking to become 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 continue 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:

- Offer our customers the video cloud platform on top of hardware products to enable more applications creativity and enhance better user experience

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

- Strengthen our customer relationships and further expand our customer base

- Create and promote our own brands for new products

- Selectively pursue merger and acquisition opportunities along the value chain

With regards to the action camera business, we expect the shipment to our top customer and its designated suppliers (collectively referred to as the "Top Customer") will decrease significantly based on our available confirmed orders. As disclosed in the announcements of the Company dated 21 January 2016 and 5 February 2016, the Top Customer has announced its decision to discontinue the production of the HERO-line action cameras. The Group is the manufacturer of HERO-line action cameras for the Top Customer.

On the basis of rolling forecast of purchase orders with estimated quantities and confirmed orders provided by the Top Customer, the Top Customer will continue to place orders for accessories from the Group. The Company confirmed that there was no dispute between the Top Customer and the Group on quality of the shipment of action camera and accessories for the year ended 31 December 2015.

The Group derives a significant portion of its revenue from the Top Customer and relies substantially on the Top Customer for its business and results of operations. The total revenue generated from the Top Customer was approximately HK$1,935.3 million, among which the action cameras supplied to the Top Customer was approximately HK$1,558.2 million, representing approximately 57% of the Group's total revenue for the year ended 31 December 2015.

If the Top Customer does not place purchase orders for its other line(s) of action cameras with the Group and in the event that the Group is unable to secure orders from new customers or expand into other product categories to boost up its revenue, the Group may have difficulties in maintaining its utilisation rate and profitability at the level of the year ended 31 December 2015 and its business and results of operations for the year ending 31 December 2016 and thereafter could be materially and adversely affected.

The Group has been actively identifying and will continue to identify new customers for its camera products and diversifying its imaging product categories and portfolio with an aim to minimize the possible impact from the discontinuance of HERO-line action cameras by the Top Customer.

As disclosed in the Prospectus, the Group entered into a global supply agreement with the Top Customer, under which the Group shall manufacture, package and sell digital action camera products and accessories to the Top Customer (the "Global Supply Agreement"). Pursuant to the Global Supply Agreement, the Group will not design or manufacture certain similar camera products with those supplied to the Top Customer for other customers during the period as specified in the Global Supply Agreement (the "Exclusivity Restriction"), provided that the Group will not be subject to the Exclusivity Restriction if the purchase orders for action camera and accessories from the Top Customer in any three-month period fall below certain minimum fixed amount as specified in the Global Supply Agreement. The aggregate actual shipment to the Top Customer in December 2015, January 2016 and February 2016 has fallen below the aforementioned minimum fixed amount. On such basis, the Exclusivity Restriction has been lifted from March 2016. Accordingly, the Group is allowed to design or manufacture certain similar camera products with those supplied to the Top Customer for other customers. Hence, the Group could explore more business opportunities in the market by providing similar camera products to other potential or existing customers. We believe our leading market position and capabilities have well-positioned us to develop and seek for cooperation with other well-known world leading brands.

For home imaging products, the demand for more cloud applications, 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 the demand for 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 will continue to develop more creative home imaging products for a variety of uses with different customers.

As for our digital imaging business, we will continuously introduce new niche cameras, such as car camcorders, police cameras, 360 degree cameras for VR (virtual reality) applications and other cameras for specialized use, the Group seeks to develop its businesses alongside its new business partners in the coming years. We successfully launched police cameras and car cameras in December 2015 and January 2016, respectively. We expect to introduce more digital imaging devices by close cooperation with the leading brands in diverse markets.

While we have historically generated the majority of our revenue from the sale of action camera and accessories, we expect our home imaging and digital imaging businesses to generate more of the Group's revenue 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 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). We generate revenue predominantly from sales of these products, as well as from sales of miscellaneous non-imaging products such as Wi-Fi boxes and tooling fees associated with products that we manufacture for certain major customers. While we have historically generated the majority of our revenue from the sale of action camera and accessories, we expect the contribution from home imaging products and new imaging products will increase significantly in the next few years. The following tables set out the breakdown of our revenue by product type and our revenue from sales of major products:

	2015		2014		Change
	HK$'000	***% of total revenue***	*HK$'000*	*% of total revenue*	
Major products					
Action camera and accessories	**1,906,700**	**69.7%**	1,783,521	85.2%	6.9%
Digital imaging	**198,671**	**7.3%**	199,819	9.5%	–0.6%
Home imaging (1)	**541,930**	**19.8%**	50,305	2.4%	977.3%
Others (2)	**88,851**	**3.2%**	58,740	2.9%	51.2%
Total	**2,736,152**	**100.0%**	2,092,385	100.0%	30.8%

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 FY 2015, the Group has recorded a turnover of approximately HK$2,736.2 million (2014: HK$2,092.4 million), representing an increase of approximately 30.8% as compared to FY 2014. This increase was mainly attributable to (1) our new home imaging products recording revenue of HK$541.9 million, which represents approximately 10.8 times revenue of the corresponding products for FY 2014; and (2) an increase in sales of action cameras which was primarily due to the launch by the Top Customer of two new camera models during FY 2015.

As a result of our efforts in customer diversification, the percentage of revenue contributed by our Top Customer has decreased to approximately 70.7% for FY 2015, as compared to 82.7% in FY 2014, primarily resulting from the impact of the significant growth of our home imaging sales. As the home imaging industries further develop and there has been a continuous launch of new products, we expect to sell these new products to an increasing number of customers in the next few years. The Directors expect these new products would become the new growth drivers and significant sources of revenue for our business.

We sell our products mainly to customers in the United States and expect the U.S. market will continue to account for majority of our revenue in the foreseeable future. The significant increase in the sales in the United States in FY2015 were driven by the soar of home imaging products sold to U.S. clients. The following table sets out the breakdown of revenue by location of our customers in terms of absolute amount for the years indicated:

	2015	2014
	HK$'000	*HK$'000*
United States	**2,469,722**	1,786,932
Mainland China	**138,145**	135,647
European Union	**82,125**	62,685
Others countries	**46,160**	107,121
	2,736,152	2,092,385

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 FY 2015, cost of sales of the Group amounted to approximately HK$2,190.0 million (2014: HK$1,646.6 million), representing an increase of approximately 33.0% as compared to FY 2014, and equivalent to approximately 80.0% (2014: 78.7%) of the turnover during the year. 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 year.

Gross profit and gross profit margin

The Group recorded a gross profit amounting to approximately HK$546.1 million for FY 2015 (2014: HK$445.8 million), representing an increase of approximately 22.5% as compared to FY 2014. The gross profit margin decreased from approximately 21.3% for FY 2014 to approximately 20.0% for FY 2015. The decrease was primarily due to the decrease in our sales of accessories for action cameras 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) bank interest income; and (iv) government grants, which consist mainly of rewards and subsidies for research activities granted by the local government with no unfulfilled conditions or contingencies.

For FY 2015, other income and gains of the Group increased significantly by approximately HK$24.2 million while other expenses also increased by HK$3.6 million as compared to FY 2014. This significant fluctuation was primarily attributable to (i) a net increase of HK$19.5 million in exchange gains arising mainly from depreciation of Renminbi ("RMB") against U.S. dollar ("US$") between the invoice and settlement dates of our sales and purchases, and from translation of our US$-denominated trade payables and receivables, and (ii) a net increase of HK$2.4 million in the fair value gain from derivative financial instruments, which is partially offset by realized loss of HK$7.9 million from forward foreign currency contracts, primarily caused by the fluctuation of exchange rate between RMB and US$.

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 FY 2015, selling and distribution expenses increased by 56.3% to HK$24.3 million from HK$15.6 million for FY 2014. This increase was mainly attributable to an increase of HK$5.5 million in commercial insurance primarily as a result of 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 FY 2015, administrative expenses was approximately HK$145.9 million (2014: HK$95.0 million). The increase was primarily due to (i) an increase of HK$15.8 million in staff salaries and benefits as we hired more management, administrative and finance staff to manage and support our business growth, (ii) an increase of HK$18.4 million in fees incurred in connection with the Listing of the Company, and (iii) an increase of share option expenses of HK$8.2 million in connection with the shares granted under the pre-IPO share option (the "Pre-IPO Share Option") adopted on 29 May 2015 and share option scheme (the "Share Option Scheme") adopted on 12 June 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 FY 2015, we recorded research and development costs of HK$136.1 million, which increased by 63.2% from HK$83.4 million for FY 2014. 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 video cloud, new home imaging models, police cameras, car cameras and other new products.

Finance costs

For FY 2015, the finance costs of the Group were approximately HK$3.9 million (2014: HK$2.7 million), representing an increase of approximately 44.3% as compared to FY 2014. This increase was attributable to an increase in average borrowing of US$ amounts from certain banks in Hong Kong for settlement of increased trade payments.

Income tax expense

For FY 2015, the income tax expense of the Group were approximately HK$40.3 million (2014: HK$44.6 million), representing a slightly decrease of approximately HK$4.3 million as compared to FY 2014. Effective income tax rate decreased from 18.1% for FY 2014 to 15.9% for FY 2015. This decrease in income tax and effective income tax rate was primarily attributable to a decreased amount of withholding tax on dividends distributed by our certain PRC subsidiary to its Hong Kong holding company.

Net profit

As a result of the foregoing, profit increased by 5.8% to HK$213.5 million for FY 2015 from HK$201.9 million for FY 2014. Excluding the listing expenses incurred, our net profit for FY 2015 would have increased by 14.5% as compared to the net profit for FY 2014.

Net profit margin decreased to 7.8% for FY 2015, compared to 9.6% in FY 2014, primarily as a result of our continual investments in research and development and the one-off listing expenses incurred in FY 2015.

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 consolidated cash flow data for the years indicated.

	2015	2014
	HK$'000	*HK$'000*
Net cash flows from operating activities	**45,231**	292,587
Net cash flows used in investing activities	**(33,573)**	(31,017)
Net cash flows from/(used in) financing activities	**468,361**	(198,541)
Net increase in cash and cash equivalents	**480,019**	63,029
Cash and cash equivalents at beginning of year	**167,167**	104,138
Cash and cash equivalents at end of year	**629,990**	167,167

Net cash from operating activities for FY 2015 was HK$45.2 million, which primarily reflected our profit before tax of HK$253.8 million as positively adjusted for depreciation of HK$25.8 million, write-down of inventories to net realisable value of HK$26.4 million, listing expense of HK$23.0 million and certain other items, as well an decrease in cash of HK$234.6 million related to changes in working capital. The net cash from operating activities was partially offset by tax payments of HK$59.1 million. The decrease in cash related to changes in working capital consisted mainly of (i) an decrease in cash of HK$112.1 million due to an decrease in trade and bills payables as to cope with the decreasing purchase demand and (ii) a decrease in cash of HK$119.5 million due to an increase in inventories primarily as a result of more raw materials were prepared for the incomplete purchased orders placed by the Top Customer.

Net cash used in investing activities for FY 2015 was HK$33.6 million. This consisted mainly of (1) payment of HK$83.4 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$67.4 million for cash management purpose; (3) investment of HK$7.8 million in a unlisted start-up company, and (4) further placement of pledged deposits of HK$13.7 million in the banks in connection of issuing more letter of credit from the banks.

Net cash from financing activities for FY 2015 was HK$468.4 million, which was caused by net listing proceeds of HK$623.1 million and net increase of bank borrowings of HK$47.2 million, partially offset by the payments of HK$198.0 million to settle the 2015 interim dividends and the remaining unpaid portion of the dividends declared for FY 2014.

The Group's cash and cash equivalents were dominated in HK$, US$ and RMB as at 31 December 2015.

Borrowing and the pledge of assets

The aggregate amount of our banking facilities as at 31 December 2014 and 31 December 2015 was HK$590.9 million and HK$443.6 million, respectively. As at the same dates, total bank loans in the amounts of HK$164.8 million and HK$212.0 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 FY 2015, the annual interest rate of bank borrowings ranged from 0.8% to 2.1% (2014: 1.6% to 1.8%).

Further details of the Group's bank borrowings are set out in note 13 to the financial statements.

Certain of our interest-bearing bank and other borrowings as at 31 December 2014 and 31 December 2015 were secured by (i) the pledge of certain of our time deposits in the amounts of HK$27.0 million and HK$40.7 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. The guarantees provided by Mr. Tang Wing Fong Terry were fully released in 2015.

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 each year end. Our gearing ratio as at 31 December 2014 and 31 December 2015 was 75.2% and 21.0%, respectively. The decrease in gearing ratio was primarily due to the increase in net equity of HK$641.4 million which was in connection with the proceeds raised from the Listing.

Capital expenditure

During FY 2015, the Group invested approximately HK$80.9 million (2014: HK$46.1 million) in fixed assets and intangible assets, of which HK$74.6 million (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 FY 2015, 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 99.2% and 98.8% of our sales were denominated in currencies other than the functional currency of the operating units making the sale, whilst approximately 51.7% and 51.2% of inventory costs were denominated in their functional currencies for FY 2014 and FY 2015, respectively.

We use forward currency contracts to manage currency risk. However, as a result of the depreciation of RMB against US$, we recorded realized losses of approximately HK$7.9 million (2014: gain of HK$2.5 million) and fair value gain of HK$2.4 million (2014: loss of HK$6.1 million) on the forward contracts for FY 2015.

As at 31 December 2015, the maximum aggregate notional transaction amount under these forward currency contracts is US$7.1 million per month. As at the date of this announcement, the Group has no outstanding currency forward contracts due to all the forward currency contracts were matured.

Events after the reporting period

On 21 January 2016 and 5 February 2016, the Company made two announcements of business updates in relation to the Top Customer and its decision to discontinue the production of the HERO-line action cameras. The details of the analysis of the impact was set out under the section headed "Prospects" to this announcement.

Treasury policies

We have implemented our internal treasury investment policies since January 2015 and revised it in December 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 the two lowest risk rating classified by the banks and debentures with ratings above "BBB" or "baa" or similar ratings. All the treasury products must also meet the following criteria (i) be issued by well recognized publicly listed banks, (ii) do not have any default history, and (iii) have a maturity term less than one year or can be easily converted into cash in the market. Our treasury investment policy also provides that the outstanding balance of our wealth management products is not allowed to exceed 50% of total amount of cash and cash equivalents and wealth management products, any plan to increase this monetary limit must be approved by the Board. None of any single investment can exceed 35% of the total investments amount.

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.

Our total investment under our treasury policy was HK$2.8 million as at 31 December 2015 (2014: HK$70.3 million).

The decrease of available-for-sale investments as two of our wealth management contracts matured during FY 2015 and we utilized the released cash for general working capital.

Employees and emoluments policy

As at 31 December 2015, the Group had employed a total of 3,095 employees. The staff costs, including directors' emoluments but excluding any contributions to pension scheme, were approximately HK$307.6 million for FY 2015 (2014: HK$224.7 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.

Significant Investments held

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

Application of global offering proceeds

The Company was listed on the Stock Exchange on 2 July 2015. The net proceeds raised from the global offering were approximately HK$613.0 million after deduction of related expenses. For the year ended 31 December 2015, the Company applied proceeds from the Listing as follows:

- HK$56.8 million was used by the Group for purchases of production machinery and equipment;
- HK$7.8 million was used by the Group to invest in an unlisted start-up company;
- HK$1.7 million was used by the Group for marketing;
- HK$21.8 million was used by the Group for research and development expenditures;
- HK$61.3 million was used by the Group for working capital and general corporate purposes.

The unused net proceeds have been placed as interest bearing deposits with licensed banks in Hong Kong and Mainland China in accordance with the intention of the Board as disclosed in the Prospectus. The Company has not utilized and will not utilize any net proceeds for purposes other than these disclosed in the Prospectus.

Commitment

As at 31 December 2015, the Group's operating lease and capital commitment amounted to HK$52.5 million (31 December 2014: HK$9.1 million) and HK$7.0 million (31 December 2014: HK$5.7 million), respectively. The significant increase in lease commitment was due to the renewal our lease agreements for our Heyuan plant and Shenzhen plant during FY 2015.

Future plans for material investments or capital assets

In the near term, the Group did not have any 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 financial year 2015, the Group did not have any material acquisitions and disposals of subsidiaries and associated companies.

Contingent liabilities

As at 31 December 2015, the Group had no significant contingent liabilities.

Dividends

At the meeting of the Board held on 23 March 2016, the Board recommended a final dividend of HK7.3 cents per share (2014: nil) for the year ended 31 December 2015, amounting to an aggregate of HK$58.4 million (2014: nil) based on the 800,319,000 shares of the Company issued as at the date of this announcement. Subject to the approval by the shareholders of the Company at the forthcoming annual general meeting (the "AGM"), the proposed final dividend will be payable on Friday, 24 June 2016 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 Thursday, 2 June 2016.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 24 May 2016 to Thursday, 26 May 2016, both days inclusive, during which period no transfers of shares shall be effected. In order to determine the entitlement to attend and vote at the forthcoming AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 23 May 2016.

The register of members of the Company will be closed from Wednesday, 1 June 2016 to Thursday, 2 June 2016, both days inclusive, during which period no transfers of shares shall be effected. In order to determine the entitlement to the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at the above address for registration not later than 4:30 p.m. on Tuesday, 31 May 2016.

OTHER INFORMATION

Purchase, sale or redemption of listed securities

The Company is empowered by the applicable Companies Law, Cap 22 of the Cayman Islands and the articles of 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 had purchased, sold or redeemed any of the Company's listed securities from the Listing Date up to 31 December 2015.

Model code for securities transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct governing its directors' securities transactions. Specific enquiries have been made with all the Directors and they have confirmed that they have complied with the Model Code throughout the period from the Listing Date up to the date of this announcement.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines"), for securities transactions by relevant employees (including directors or employees of a subsidiary or holding company of the Company) who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company. In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its directors and relevant employees in advance.

Audit committee

The Company established 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, risk management and internal control systems, 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 audited consolidated financial results and annual report for the year ended 31 December 2015.

Corporate governance practices

The Company believes that maintaining high standards of corporate governance is the foundation for effective management and successful business growth. The Company is committed to developing and maintaining robust corporate governance practices to safeguard the interests of shareholders of the Company (the "Shareholders") and to enhance corporate value, accountability and transparency of the Company.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices. The CG Code has been applicable to the Company with effect from the Listing Date. Throughout the period from the Listing Date up to the date of this annual results announcement, the Company has complied with all applicable code provisions of the CG Code except for code provision A.2.1.

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. As Mr. Tang Wing Fong Terry is the chairman of the Board and chief executive officer of the Company, the Company has deviated from the code provision A.2.1. The Board considers that having Mr. Tang Wing Fong Terry acting as both the chairman of our Board and the chief executive officer of the Company will provide a strong and consistent leadership to the Company and allow for more effective planning and management for our Group. In view of Mr. Tang's extensive experience in the industry, personal profile and critical role in our Group and its historical development, the Board considers that it is beneficial to the business prospects of our Group that Mr. Tang continues to act as both the chairman of our Board and the chief executive officer 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.

Annual general meeting

The AGM of the Company for the year ended 31 December 2015 is scheduled to be held on 26 May 2016 (Thursday). A notice convening the AGM will be issued and disseminated to the Shareholders in due course.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.sky-light.com.hk). The annual report of the Company for the year ended 31 December 2015 containing information required by the Listing Rules will be dispatched to Shareholders 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, 23 March 2016

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.