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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)

CONTINUING CONNECTED TRANSACTIONS NEW PROPERTY LEASING FRAMEWORK AGREEMENT

NEW PROPERTY LEASING FRAMEWORK AGREEMENT

Reference is made to the Prospectus. The Previous Property Leasing Framework Agreement will expire on 31 December 2017, and the Company expects that the Group will continue to lease the Xinyongyi Premises. The Board wishes to announce that, on 27 December 2017, Sky Light Technology (HY), an indirect wholly-owned subsidiary of the Company, as tenant, entered into the New Property Leasing Framework Agreement with Xinyongyi, as landlord, to renew the lease of the Xinyongyi Premises for a term of three years from 1 January 2018 to 31 December 2020 (both days inclusive).

LISTING RULES IMPLICATIONS

Xinyongyi is a company controlled as to 84% by Mr. Wu Yongmou, an executive Director and therefore Xinyongyi is an associate of Mr. Wu Yongmou and a connected person of the Company under the Listing Rules. Accordingly, the entering into of the New Property Leasing Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratios set out in Rule 14.07 of the Listing Rules calculated with reference to the annual caps for the New Property Leasing Framework Agreement are, on an annual basis, more than 0.1% but less than 5%, such continuing connected transactions are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the Prospectus. The Previous Property Leasing Framework Agreement will expire on 31 December 2017, and the Company expects that the Group will continue to lease the Xinyongyi Premises. The Board wishes to announce that, on 27 December 2017, Sky Light Technology (HY), an indirect wholly-owned subsidiary of the Company, as

tenant, entered into the New Property Leasing Framework Agreement with Xinyongyi, as landlord, to renew the lease of the Xinyongyi Premises for a term of three years from 1 January 2018 to 31 December 2020 (both days inclusive).

NEW PROPERTY LEASING FRAMEWORK AGREEMENT

The principal terms of the New Property Leasing Framework Agreement are set out below:

- Date** : 27 December 2017
- Parties** : (a) Sky Light Technology (HY), as tenant
(b) Xinyongyi, as landlord
- Premises** : Certain premises located at Xinyongyi Science Park, Ke Shi Er Road, Hi-tech Development Zone, Heyuan, Guangdong, the PRC (the “**Xinyongyi Premises**”), comprising:
- (a) 1/F, 2/F and 4/F of the Research and Development Building;
 - (b) 3/F to 7/F of the Staff Dormitory Building;
 - (c) Block No. 2 of the Manufacturing Plant; and
 - (d) Block No. 4 of the Management Dormitory Building.
- The Xinyongyi Premises have an aggregate gross floor area of approximately 25,000 sq.m.. Subject to the business needs of the Group from time to time, Sky Light Technology (HY) may negotiate with Xinyongyi to increase or decrease the gross floor area of the Xinyongyi Premises under lease, provided that the annual rent payable shall not exceed the annual caps set out in the sub-paragraph headed “Annual Caps” in this announcement.
- Term** : Three years from 1 January 2018 to 31 December 2020 (both days inclusive)
- At any time during the term of the New Property Leasing Framework Agreement, either Sky Light Technology (HY) or Xinyongyi may terminate the New Property Leasing Framework Agreement by paying a penalty equivalent to six months’ rent to the other party.
- Rent** : Approximately RMB311,297 (equivalent to approximately HK\$390,680) per month
- Pricing Policy** : As a general principle, the rent and terms of the lease(s) with respect to the Xinyongyi Premises provided by Xinyongyi shall be on terms no less favourable than those offered from the independent third party landlord.

The rent payable under the New Property Leasing Framework Agreement has been determined after arm's length negotiations between Sky Light Technology (HY) and Xinyongyi with reference to the actual gross floor area under lease and the prevailing market rates for similar type of premises in the vicinity.

Historical Transaction Amounts

For the financial years ended 31 December 2015 and 2016 and the eleven months ended 30 November 2017, the gross floor area of premises leased by Xinyongyi to Sky Light Technology (HY) under the Previous Property Leasing Framework Agreement was approximately 39,000 sq.m., 36,000 sq.m. and 28,000 sq.m., respectively, and the rent payment was HK\$6,074,000, HK\$5,580,000 and HK\$4,029,000, respectively. The Group estimates that the gross floor area of the Xinyongyi Premises and other premises to be leased by Xinyongyi to Sky Light Technology (HY) under the New Property Leasing Framework Agreement for the financial years ending 31 December 2018, 2019 and 2020 will be approximately 28,000 sq.m., 34,000 sq.m. and 41,000 sq.m., respectively.

Annual Caps

The table below sets out the annual caps of the rent payable by Sky Light Technology (HY) to Xinyongyi under the New Property Leasing Framework Agreement for the financial years ending 31 December 2018, 2019 and 2020:

	For the financial year ending		
	31 December		
	2018	2019	2020
	<i>(HK\$)</i>	<i>(HK\$)</i>	<i>(HK\$)</i>
Annual caps	5,200,000	6,240,000	7,490,000

In arriving at the above annual caps, the Directors have considered (a) the historical rent paid; (b) the market rent; (c) the estimated increase in the rent of the premises in the same area and of similar grading as the Xinyongyi Premises; and (d) the estimated area to be leased according to the business needs of the Group.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Sky Light Technology (HY) has been leasing the Xinyongyi Premises since March 2010. The Xinyongyi Premises consist of the entire premises of the Group's production facility in Heyuan, Guangdong, the PRC and certain other premises used by the Group as management and staff dormitories. Having considered the business needs of the Group and that stable sources of production facility spaces are required for the operation and growth of the Group, the Board is of the view that the entering into of the New Property Leasing Framework Agreement is beneficial to the Group and the Shareholders as a whole as it enables the Group to secure a longer term of use of production facility in the PRC so as to save relocation and administration costs.

Given the aforesaid reasons and benefits, the Directors (including the independent non-executive Directors) are of the view that: (a) the terms of the New Property Leasing Framework Agreement are on normal commercial terms that are fair and reasonable; (b) the annual caps for the New Property Leasing Framework Agreement are fair and reasonable; and (c) the continuing connected transactions contemplated under the New Property Leasing Framework Agreement are and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Xinyongyi is a company controlled as to 84% by Mr. Wu Yongmou, an executive Director and therefore Xinyongyi is an associate of Mr. Wu Yongmou and a connected person of the Company under the Listing Rules. Accordingly, the entering into of the New Property Leasing Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio set out in Rule 14.07 of the Listing Rules calculated with reference to the annual caps for the New Property Leasing Framework Agreement is, on an annual basis, more than 0.1% but less than 5%, such continuing connected transactions are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Wu Yongmou, in view of his interest in Xinyongyi, is considered to have a material interest in the New Property Leasing Framework Agreement and the transaction contemplated thereunder and accordingly he has abstained from voting in the resolutions of the Board approving the New Property Leasing Framework Agreement and the transaction contemplated thereunder.

Save for Mr. Wu Yongmou, none of the Directors has any material interest in the New Property Leasing Framework Agreement and no Directors were required to abstain from voting on the resolutions of the Board approving the New Property Leasing Framework Agreement and the transactions contemplated thereunder.

Particulars of the New Property Leasing Framework Agreement will be disclosed in the next published annual report of the Company in accordance with Rules 14A.71 and 14A.72 of the Listing Rules.

GENERAL

The Company is a company incorporated in the Cayman Islands with limited liability. The Company is an investment holding company and its subsidiaries are principally engaged in the development, manufacture and distribution of home imaging products, virtual reality products, action cameras and other digital imaging products and electronic products.

Xinyongyi is a company established under the laws of the PRC with limited liability and principally engaged in development, manufacture and sale of electronic machinery and spare parts of automobiles, and lease of self-owned properties. It is owned as to 84% by Mr. Wu Yongmou and 16% by other third parties independent of and not connected with the Company and its connected persons.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meaning:

“associate”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Sky Light Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability and the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 3882)
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Property Leasing Framework Agreement”	the property leasing framework agreement entered into between Sky Light Technology (HY) as tenant and Xinyongyi as landlord on 27 December 2017 for the lease of the Xinyongyi Premises
“PRC”	the People’s Republic of China, which for the purposes of this announcement only, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Previous Property Leasing Framework Agreement”	the property leasing framework agreement entered into between Sky Light Technology (HY) as tenant and Xinyongyi as landlord on 15 June 2015, details of which are set out in the Prospectus
“Prospectus”	the prospectus of the Company dated 19 June 2015
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Sky Light Technology (HY)”	河源市新天彩科技有限公司 (Sky Light Technology (HY) Limited*), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“sq.m.”	square meter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xinyongyi”	新勇藝科技園 (河源) 有限公司 (Xinyongyi Science Park (Heyuan) Co., Ltd.*), a company established in the PRC with limited liability and owned as to 84% by Mr. Wu Yongmou
“Xinyongyi Premises”	has the meaning as ascribed to it under the paragraph under “New Property Leasing Framework Agreement” in this announcement
“%”	per cent.

For the purpose of illustration only and unless otherwise stated, conversion of RMB into Hong Kong dollars in this announcement is calculated at the exchange rate of RMB1 = HK\$1.179, such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

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

Hong Kong, 27 December 2017

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, Dr. Cheung Wah Keung and Mr. Tse Yat Hong.

* *For identification purposes only*