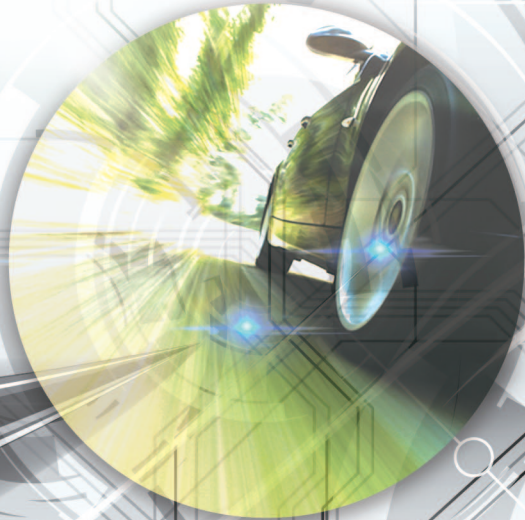


天彩控股有限公司 SKY LIGHT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code : 3882



2015 Interim Report

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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%
Adjusted by:			
LISTING EXPENSE	23,081	–	n.a.
SHARE OPTION EXPENSE	1,394	–	n.a.
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	–	n.a.

BOARD OF DIRECTORS

Executive Directors

Mr. Tang Wing Fong Terry (*Chairman*)

Mr. Wu Yongmou

Mr. Lu Yongbin

Non-executive Directors

Mr. Huang Erwin Steve

Ms. Tang Kam Sau

Independent Non-executive Directors

Mr. Wong Kee Fung Kenneth

Dr. Cheung Wah Keung

Mr. Chan Tsu Ming Louis

COMMITTEES OF THE BOARD

Audit Committee

Mr. Wong Kee Fung Kenneth (*Chairman*)

Dr. Cheung Wah Keung

Mr. Chan Tsu Ming Louis

Remuneration Committee

Mr. Wong Kee Fung Kenneth (*Chairman*)

Mr. Tang Wing Fong Terry

Mr. Chan Tsu Ming Louis

Nomination Committee

Mr. Tang Wing Fong Terry (*Chairman*)

Mr. Wong Kee Fung Kenneth

Mr. Chan Tsu Ming Louis

AUTHORIZED REPRESENTATIVES

Mr. Tang Wing Fong Terry

Ms. Ho Wing Tsz Wendy

JOINT COMPANY SECRETARIES

Mr. Lu Yongbin

Ms. Ho Wing Tsz Wendy

REGISTERED OFFICE

Codan Trust Company (Cayman) Limited

Cricket Square, Hutchins Drive

PO Box 2681, Grand Cayman

KY1-1111, Cayman Islands

HEAD OFFICE, HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA ("China" or the "PRC")

No. 6 Building

Jinbi Industrial Zone

Huangtian Community, Bao'an District

Shenzhen

PRC

PRINCIPAL PLACE OF BUSINESS IN KONG KONG

1009 Kwong Sang Hong Centre

151-153 Hoi Bun Road

Kwun Tong

Kowloon

Hong Kong

AUDITORS

Ernst & Young

22/F, CITIC Tower

1 Tim Mei Avenue

Central

Hong Kong

HONG KONG LEGAL ADVISER

Mayer Brown JSM

16th-19th Floors, Prince's Building

10 Charter Road

Central

Hong Kong

Corporate Information

COMPLIANCE ADVISER

Guosen Securities (HK) Capital Co., Limited
42/F, Two International Finance Centre
No. 8 Finance Street
Central
Hong Kong

CAYMAN ISLANDS PRINCIPAL REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman
KY1-1111, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
13th Floor Standard Chartered Bank Building
4-4A Des Voeux Road Central
Hong Kong

Hongkong and Shanghai Banking
Corporation Limited
Level 10 HSBC Main Building
1 Queen's Road Central
Hong Kong

STOCK CODE

3882

COMPANY WEBSITE ADDRESS

www.sky-light.com.hk

BUSINESS REVIEW

Sky Light Holdings Limited (the “Company”) and its subsidiaries (collectively, 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 six months ended 30 June 2015 (“2015 Interim”), the Group’s turnover climbed to approximately HK\$1,299.4 million (Six months ended 30 June 2014 (“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.

Management Discussion and Analysis

PROSPECTS *(Continued)*

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.

Management Discussion and Analysis

PROSPECTS *(Continued)*

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.

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

Turnover (Continued)

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 of the Company ("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.

FINANCIAL REVIEW *(Continued)*

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.

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

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.

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

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 against 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 as a 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 purchases 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.

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

Liquidity and capital resources *(Continued)*

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 19 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.

FINANCIAL REVIEW *(Continued)*

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 of the Company (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.

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

Treasury policies *(Continued)*

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.

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

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 (the "Shares") first commenced in the Stock Exchange to the date of this report, 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 HK\$ million	Actual use of proceeds from the Listing Date to the date of this report 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 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 report.

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

DIRECTORS' INTERESTS IN CONTRACTS

There was no contract of significance to which the Company, its holding company, subsidiaries or fellow subsidiaries was a party and in which a director of the Company ("Director" or "Directors") had a material interest, whether directly or indirectly, subsisted at the end of the 2015 Interim or at any time during the 2015 Interim.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As the shares of the Company were listed on the Stock Exchange on 2 July 2015, the Company was not required to keep any register under the provisions of Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance ("SFO") and Section 352 of the SFO as at 30 June 2015.

Immediately after the listing of the Company's shares and the partial exercise of the over-allotment option, so far as is known to any Director or chief executive of the Company, as of the date of this report, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Nature of interest	Number of shares ⁽¹⁾	Approximate percentage of total issued shares in the Company
Tang Wing Fong Terry ⁽²⁾	Founder of a discretionary trust, beneficial interest	422,931,600 shares (L)	52.84%
Wu Yongmou ⁽³⁾	Founder of a discretionary trust	62,931,000 shares (L)	7.86%
Tang Kam Sau ⁽⁴⁾	Interest in a controlled corporation	39,192,000 shares (L)	4.90%
Lu Yongbin ⁽⁵⁾	Beneficial interest	3,595,800 shares (L)	0.45%
Huang Erwin Steve ⁽⁶⁾	Beneficial interest	2,000,000 shares (L)	0.24%

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

Notes:

- (1) The letter "L" denotes the Directors' long position in the shares of the Company or the relevant associated corporation.
- (2) The disclosed interest represents (i) the interest in 417,717,600 Shares held by Fortune Six Investment Ltd., which is wholly-owned by Wing Lung Bank (Trustee) Limited as trustee for the Tang's Family Trust (i.e. The Trust 168) through Antopex Limited and Best One International Limited (as nominees for Wing Lung Bank (Trustee) Limited) and (ii) his beneficial interest in 5,214,000 Shares held by Fortune Sky Associates Ltd. by virtue of Mr. Tang Wing Fong Terry being a beneficiary of 5,214,000 Shares in The Sky Light Employees' Trust.
- (3) The disclosed interest represents the interest in our Company held by YongWeiDa Investment Limited, which is wholly owned by Wing Lung Bank (Trustee) Limited as trustee of the Wu's Family Trust (i.e. The Ling Shui Family Trust) through Antopex Limited and YongDingDa Investment Limited (as nominees for Wing Lung Bank (Trustee) Limited). Mr. Wu Yongmou is deemed to be interested in YongWeiDa Investment Limited's interest in our Company by virtue of the SFO.
- (4) Ms. Tang Kam Sau is the sole shareholder of Uphigh Global Limited, which holds 39,192,000 Shares. By virtue of the SFO, she is deemed to be interested in Uphigh Global Limited's interest in our Company by virtue of the SFO.
- (5) The disclosed interest represents Mr. Lu Yongbin's beneficial interest in 3,595,800 Shares held by Fortune Sky Associates Ltd. by virtue of Mr. Lu Yongbin being a beneficiary of 3,595,800 Shares in The Sky Light Employees' Trust.
- (6) The disclosed interest is unvested share options granted by the Company to Mr. Huang Erwin Steve.

Save as disclosed above and to the best knowledge of the Directors, as of the date of this report, none of the Directors or chief executive of the Company had any interest or short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information

SUBSTANTIAL SHAREHOLDERS' AND OTHERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As the shares of the Company were listed on the Stock Exchange on 2 July 2015, the Company was not required to keep any register under the provisions of Divisions 2 and 3 of Part XV of the SFO as at 30 June 2015.

Immediately after the listing of the Company's shares and partial exercise of the over-allotment option, so far as the Directors are aware as of the date of this report, the following persons (other than the Directors or chief executive of the Company), were directly or indirectly, interested in 5% or more of the shares or short positions in the shares and the underlying shares of the Company, which are required to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO, or which will be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Name of shareholder	Capacity/nature of interest	Number of shares ⁽¹⁾	Approximate percentage of total issued shares in the Company
Wing Lung Bank (Trustee) Limited ⁽²⁾	Trustee	545,824,200 shares (L)	68.20%
Antopex Limited ⁽²⁾	Nominee for another person	545,824,200 shares (L)	68.20%
Best One International Ltd ⁽²⁾⁽³⁾	Interest of controlled corporation	417,717,600 shares (L)	52.20%
Fortune Six Investment Ltd. ⁽²⁾⁽³⁾	Beneficial owner	417,717,600 shares (L)	52.20%
Brilliant Sky Associates Ltd. ⁽²⁾	Interest of controlled corporation	65,175,600 shares (L)	8.14%
Fortune Sky Associates Ltd. ⁽²⁾	Beneficial owner	65,175,600 shares (L)	8.14%
YongDingDa Investment Limited ⁽²⁾⁽⁴⁾	Interest of controlled corporation	62,931,000 shares (L)	7.86%
YongWeiDa Investment Limited ⁽²⁾⁽⁴⁾	Beneficial owner	62,931,000 shares (L)	7.86%

SUBSTANTIAL SHAREHOLDERS' AND OTHERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

Notes:

- (1) The letter "L" denotes a person's long position in our shares or shares of the relevant Group member.
- (2) Wing Lung Bank (Trustee) Limited as trustee holds 545,842,200 Shares by virtue of the SFO as follows:
 - (i) 417,717,600 Shares held by Fortune Six Investment Ltd., which is wholly-owned by Wing Lung Bank (Trustee) Limited as trustee for the Tang's Family Trust (i.e. The Trust 168) through Antopex Limited and Best One International Limited (as nominees for Wing Lung Bank (Trustee) Limited);
 - (ii) 62,931,000 Shares held by YongWeiDa Investment Limited, which is wholly-owned by Wing Lung Bank (Trustee) Limited as trustee for the Wu's Family Trust (i.e. The Ling Shui Family Trust) through Antopex Limited and YongDingDa Investment Limited (as nominees for Wing Lung Bank (Trustee) Limited); and
 - (iii) 65,175,600 Shares held by Fortune Sky Associates Ltd., which is wholly-owned by Wing Lung Bank (Trustee) Limited as trustee for The Sky Light Employees' Trust through Antopex Limited and Brilliant Sky Associates Ltd. (as nominees for Wing Lung Bank (Trustee) Limited).
- (3) The interest of Best One International Ltd and Fortune Six Investment Ltd. was also disclosed as the interest of Mr. Tang Wing Fong Terry in the above section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures".
- (4) The interest of YongDingDa Investment Limited and YongWeiDa Investment Limited was also disclosed as the interest of Mr. Wu Yongmou in the above section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures".

Save as disclosed above, as at the date of this report, the Directors are not aware of any other corporation or individual (other than the Directors or chief executive of the Company) who had an interest or a short positions in the shares or underlying shares of the Company as recorded in the register of interests required to be kept pursuant to Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the 2015 Interim and up to the date of this report, none of the Directors or any of their respective associates has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interest with the Group.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURE

Save as disclosed herein, at no time from Listing Date to the date of this report was the Group a party to any arrangements to enable the Directors of the Group to acquire by means of acquisition of shares in, or debt securities, and including debentures, of the Group or any other body corporate.

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 report.

Other Information

PRE-IPO SHARE OPTION SCHEME AND SHARE OPTION SCHEME

Pre-IPO share option scheme

A Pre-IPO Share Option Scheme was conditionally adopted on 29 May 2015. The purpose of the Pre-IPO Share Option Scheme is to recognise the contribution of certain of our employees, executives and officers made or may have made to the growth of the Group and/or the listing of Shares on the Stock Exchange.

On 29 May 2015, options to subscribe for an aggregate of 21,024,000 Shares have been conditionally granted to a total of 43 grantees under the Pre-IPO Share Option Scheme by the Company. The Shares subject to the options granted under the Pre-IPO Share Option Scheme represent (i) approximately 2.63% of the Company's issued share capital as of the date of this report (excluding all Shares which may be allotted and issued upon the exercise of any options granted under the Pre-IPO Share Option Scheme and the 2,000,000 shares granted under Share Option Scheme as defined below or to be granted under the Share Option Scheme); and (ii) approximately 2.56% of the Company's issued share capital as of the date of this report, assuming that all options granted under the Pre-IPO Share Option Scheme and the 2,000,000 shares granted under Share Option Scheme are exercised, but without taking into account any further Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme. Save for the options which have been granted on 29 May 2015, no further options will be granted under the Pre-IPO Share Option Scheme on or after the Listing Date. The exercise price in respect of each option granted under the Pre-IPO Share Option Scheme is HK\$0.83.

None of the above share options was exercised or cancelled or lapsed as of the date of this report and therefore the balance of the outstanding share options remain the same as those as of the date of grant. A detailed summary of the terms (including the major terms, the exercise price and vesting periods and conditions) of the Pre-IPO Share Option Scheme and list of grantees has been set out in the section headed "Appendix IV. Statutory and General Information — 14B. Pre-IPO Share Option Scheme" of the Prospectus. Details of the impact of options granted under the Pre-IPO Share Option Scheme on the financial statements are set out under note 24 to the interim condensed consolidated financial statements.

Share option scheme

A Share Option Scheme (the "Share Option Scheme") was conditionally adopted on 12 June 2015, which became effective on the Listing Date.

The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the Eligible Participants (as defined in the Prospectus) have had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

- (i) motivating the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and
- (ii) attracting and retaining or otherwise maintaining on-going business relationships with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

PRE-IPO SHARE OPTION SCHEME AND SHARE OPTION SCHEME *(Continued)*

Share option scheme *(Continued)*

The maximum number of Shares in respect of which options may be granted (including Shares in respect of which options, whether exercised or still outstanding, have already been granted) under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue on the Listing Date, being 80,000,000 Shares (the "Scheme Limit"), excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company).

Subject to earlier termination by the Company in general meeting or by the Directors, the Share Option Scheme shall be valid and effective for a period of ten years from the date of adoption. A summary of the terms of the Share Option Scheme, has been set out in the section headed "Appendix IV: Statutory and General Information — 14A. Share Option Scheme" of the Prospectus.

On 27 July 2015, Share Options to subscribe for a total of 2,000,000 Shares, representing approximately 0.25% of the total number of Shares in issue as at the date of this report, were granted to Mr. Huang Erwin Steve, a non-executive Director, pursuant to the Share Option Scheme. The exercise price of the Share Options granted is HK\$3.46. Maximum of 50% of the Share Options shall become vested and exercisable on the 1st anniversary date of the Grant Date (the "1st Vesting Date"), and the exercise period in respect thereof shall commence on the 1st Vesting Date and end on the day immediately before the 3rd anniversary date of the 1st Vesting Date (both dates inclusive). Maximum of 50% of the Share Options shall become vested and exercisable on the 2nd anniversary date of the Grant Date (the "2nd Vesting Date"), and the exercise period in respect thereof shall commence on the 2nd Vesting Date and end on the day immediately before the 3rd anniversary date of the 2nd Vesting Date (both dates inclusive).

AUDIT COMMITTEE

The Company established an audit committee (the "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.

Ernst & Young, the external auditors of the Company, have reviewed the interim financial information of the Group for the 2015 Interim.



Other Information

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 from the Listing Date and up to the date of this report.

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.

SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information and to the best of the Directors' knowledge, information and belief, the Company had maintained sufficient public float of not less than 25% of its total issued shares as required under the Listing Rules from Listing Date up to the date of this report.

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 complied with the required standard set out in the Model Code throughout the period from the Listing Date and up to the date of this report.

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.

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

Hong Kong
28 August 2015

Report on Review of Interim Condensed Consolidated Financial Statements



To the board of directors of Sky Light Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated financial statements set out on pages 25 to 54, which comprise the interim condensed consolidated statement of financial position of Sky Light Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2015 and the related interim condensed consolidated statement of profit or loss and other comprehensive income, changes in equity and cash flows for the six months then ended and the explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants.

The directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young

Certified Public Accountants

22nd Floor

CITIC Tower

1 Tim Mei Avenue, Central

Hong Kong

28 August 2015

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

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)
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 dividends proposed for the period 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	11	109,952	101,260
Prepaid land lease payments	13	2,943	2,990
Intangible assets	12	12,245	6,315
Non-current prepayments	17	27,631	11,382
Deferred tax assets		2,855	2,634
Total non-current assets		155,626	124,581
CURRENT ASSETS			
Inventories	14	254,508	192,996
Trade receivables	15	347,291	251,235
Bills receivable		11,437	18,148
Available-for-sale investments	16	3,028	70,263
Due from a related party	27	1,555	1,792
Prepayments, deposits and other receivables	17	82,834	67,826
Pledged deposits	18	71,287	27,001
Cash and cash equivalents	18	95,509	167,167
Total current assets		867,449	796,428
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	19	228,364	164,826
Trade payables	20	341,523	275,215
Bills payable		12,723	1,390
Dividend payable		–	150,000
Other payables and accruals	21	89,871	79,570
Derivative financial instruments	22	3,321	6,107
Tax payable		24,806	22,156
Due to related parties	27	1,767	1,793
Total current liabilities		702,375	701,057

Interim Condensed Consolidated Statement of Financial Position

30 June 2015

	Notes	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
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			
Issued capital	23	10	10
Reserves		268,981	219,071
Proposed dividends		48,019	–
Total equity		317,010	219,081

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Attributable to owners of the Company							
	Issued	Capital	Share	Reserve	Retained	Proposed	Exchange	Total
	capital	reserve	option	fund	profits	dividends	fluctuation	equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(note 23)							
At 1 January 2015	10	148,730	-	26,597	34,516	-	9,228	219,081
Profit for the period	-	-	-	-	96,383	-	-	96,383
Other comprehensive income for the period:								
Changes in fair value of available-for-sale investments	-	(50)	-	-	-	-	-	(50)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	202	202
Total comprehensive income for the period	-	(50)	-	-	96,383	-	202	96,535
Transfer from retained profits	-	-	-	8,503	(8,503)	-	-	-
Equity-settled share option arrangements	-	-	1,394	-	-	-	-	1,394
2015 interim dividend proposed (note 9)	-	-	-	-	(48,019)	48,019	-	-
At 30 June 2015 (unaudited)	10	148,680 [#]	1,394 [#]	35,100 [#]	74,377 [#]	48,019	9,430 [#]	317,010

Note:

[#] These reserve accounts comprise the consolidated reserves of HK\$268,981,000 in the consolidated statement of financial position as at 30 June 2015 (31 December 2014: HK\$219,071,000).

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Issued capital	Capital reserve	Reserve fund	Retained profits	Exchange fluctuation reserve	Total		
	HK\$'000 (note 23)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2014	–	89,456	22,857	120,104	9,181	241,598	87	241,685
Profit for the period	–	–	–	48,322	–	48,322	(18)	48,304
Other comprehensive income for the period:								
Changes in fair value of available-for-sale investments	–	(72)	–	–	–	(72)	–	(72)
Exchange differences on translation of foreign operations	–	–	–	–	(2,056)	(2,056)	–	(2,056)
Total comprehensive income for the period	–	(72)	–	48,322	(2,056)	46,194	(18)	46,176
Transfer from retained profits	–	–	916	(916)	–	–	–	–
Issue of shares	10	59,350	–	–	–	59,360	–	59,360
Disposal of subsidiaries	–	–	–	–	–	–	(69)	(69)
Dividends declared (note 9)	–	–	–	(82,754)	–	(82,754)	–	(82,754)
At 30 June 2014 (unaudited)	10	148,734	23,773	84,756	7,125	264,398	–	264,398

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		118,765	59,102
Adjustments for:			
Finance costs	7	2,040	1,012
Bank interest income	5	(780)	(814)
Loss on disposal of items of property, plant and equipment	6	1,103	816
Write-down of inventories to net realisable value	6	7,944	1,456
Fair value (gains)/losses, net:			
Derivative instruments — transactions not qualifying as hedges	6	(2,787)	8,453
Depreciation	11	12,708	10,068
Amortisation of prepaid land lease prepayments	13	48	48
Amortisation of intangible assets	12	327	58
Expenses relating to listing		23,081	–
Share option expense		1,394	–
		163,843	80,199
Increase in inventories		(69,456)	(10,702)
(Increase)/decrease in trade and bills receivables		(89,345)	209,718
Decrease in an amount due from a related party		237	1,489
Increase in prepayments, deposits and other receivables		(11,067)	(1,108)
Increase/(decrease) in trade and bills payables		77,641	(64,044)
Decrease in amounts due to related parties		(26)	(239)
(Decrease)/increase in other payables and accruals		(2,994)	12,152
Cash generated from operations		68,833	227,465
Tax paid		(17,135)	(12,851)
Net cash flows from operating activities		51,698	214,614

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment and intangible assets		(46,177)	(11,341)
Decrease in available-for-sale investments		67,235	44,889
Interest received		780	814
(Increase)/decrease in pledged deposits		(44,286)	10,354
Gross proceeds from disposals of items of property, plant and equipment		1,166	1,081
Net cash flows (used in)/from investing activities		(21,282)	45,797
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		228,364	195,516
Repayments of bank loans		(164,826)	(172,342)
Interest paid		(2,040)	(1,012)
Dividends paid		(150,000)	(88,370)
Decrease in an amount due to a related party		–	(56,691)
Payment of expenses relating to listing		(13,572)	–
Issue of shares		–	59,360
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	18	167,167	104,138
CASH AND CASH EQUIVALENTS AT END OF PERIOD	18	95,509	301,010

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

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 of the Company (the "Directors"), as at the date of this report, 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.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

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	<i>Defined Benefit Plans: Employee Contributions</i>
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.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

4. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information *(Continued)*

(b) Non-current assets

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (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 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Customer A	951,403	527,826

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

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.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

6. PROFIT BEFORE TAX

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

	Notes	Six months ended 30 June	
		2015	2014
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Cost of inventories sold		1,046,434	549,650
Depreciation	11	12,708	10,068
Amortisation of prepaid land lease payments	13	48	48
Amortisation of intangible assets	12	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.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

8. INCOME TAX EXPENSE (Continued)

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 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 six months ended 30 June 2015 and 2014.

	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

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

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, as further detailed in note 29 to the interim condensed consolidated financial statements.

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 (Unaudited)	2014 (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

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Leasehold improvements HK\$'000	Machinery HK\$'000	Motor vehicles HK\$'000	Office and other equipment HK\$'000	Total HK\$'000
Unaudited						
30 June 2015						
At 1 January 2015:						
Cost	7,401	7,186	132,312	3,454	15,349	165,702
Accumulated depreciation	(186)	(4,958)	(47,706)	(1,544)	(10,048)	(64,442)
Net carrying amount	7,215	2,228	84,606	1,910	5,301	101,260
At 1 January 2015, net of accumulated depreciation						
	7,215	2,228	84,606	1,910	5,301	101,260
Additions	–	559	19,770	935	2,373	23,637
Disposals	–	–	(1,515)	(607)	(147)	(2,269)
Depreciation provided during the period	(161)	(543)	(9,004)	(264)	(2,736)	(12,708)
Exchange realignment	2	1	26	1	2	32
At 30 June 2015, net of accumulated depreciation	7,056	2,245	93,883	1,975	4,793	109,952
At 30 June 2015:						
Cost	7,403	7,747	146,464	3,362	17,214	182,190
Accumulated depreciation	(347)	(5,502)	(52,581)	(1,387)	(12,421)	(72,238)
Net carrying amount	7,056	2,245	93,883	1,975	4,793	109,952

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group	Buildings HK\$'000	Leasehold improvements HK\$'000	Machinery HK\$'000	Motor vehicles HK\$'000	Office and other equipment HK\$'000	Total HK\$'000
Audited						
31 December 2014						
At 1 January 2014:						
Cost	2,221	6,582	106,801	3,112	13,697	132,413
Accumulated depreciation	(100)	(3,605)	(33,631)	(1,031)	(7,441)	(45,808)
Net carrying amount	2,121	2,977	73,170	2,081	6,256	86,605
At 1 January 2014, net of						
accumulated depreciation	2,121	2,977	73,170	2,081	6,256	86,605
Additions	5,180	556	32,488	353	2,187	40,764
Disposals	–	–	(3,447)	–	(32)	(3,479)
Depreciation provided during the year	(86)	(1,295)	(17,360)	(517)	(3,090)	(22,348)
Exchange realignment	–	(10)	(245)	(7)	(20)	(282)
At 31 December 2014, net of accumulated depreciation	7,215	2,228	84,606	1,910	5,301	101,260
At 31 December 2014:						
Cost	7,401	7,186	132,312	3,454	15,349	165,702
Accumulated depreciation	(186)	(4,958)	(47,706)	(1,544)	(10,048)	(64,442)
Net carrying amount	7,215	2,228	84,606	1,910	5,301	101,260

Certain of the Group's banking facilities were secured by the Group's buildings with a carrying value of HK\$2,025,000 as at 30 June 2015 (31 December 2014: HK\$2,058,000). Certificates of ownership in respect of certain buildings of the Group located in Mainland China with a net carrying value of HK\$5,031,000 as at 30 June 2015 (31 December 2014: HK\$5,158,000) have not yet been issued by the relevant PRC authorities. The Group is in the process of obtaining these certificates.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

12. INTANGIBLE ASSETS

	Software HK\$'000
Unaudited	
30 June 2015	
Cost at 1 January 2015, net of accumulated amortisation	6,315
Additions	6,257
Amortisation provided during the period (note 6)	(327)
Exchange realignment	-
At 30 June 2015, net of accumulated amortisation	12,245
At 30 June 2015:	
Cost	13,961
Accumulated amortisation	(1,716)
Net carrying amount	12,245
Audited	
31 December 2014	
Cost at 1 January 2014, net of accumulated amortisation	1,310
Additions	5,295
Amortisation provided during the year	(286)
Exchange realignment	(4)
At 31 December 2014, net of accumulated amortisation	6,315
At 31 December 2014:	
Cost	7,704
Accumulated amortisation	(1,389)
Net carrying amount	6,315

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

13. PREPAID LAND LEASE PAYMENTS

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Carrying amount at 1 January	3,085	3,181
Additions	–	–
Recognised during the period/year (note 6)	(48)	(95)
Exchange realignment	1	(1)
Carrying amount at 30 June/31 December	3,038	3,085
Current portion included in prepayments, deposits and other receivables (note 17)	(95)	(95)
Non-current portion	2,943	2,990

Certain of the Group's banking facilities were secured by the Group's prepaid land lease payments with a carrying value of HK\$3,038,000 as at 30 June 2015 (31 December 2014: HK\$3,085,000).

The Group's leasehold land is situated in Hong Kong and is held under a medium term lease.

14. INVENTORIES

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

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

15. 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 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (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

16. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Available-for-sale investments	3,028	70,263

As at 30 June 2015, the Group's available-for-sale investments represent an investment in a wealth management contract and the fair value of the wealth management contract approximated to its carrying amount.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Non-current assets		
Non-current prepayments	27,631	11,382
Current assets		
Prepayments	14,588	9,400
Deposits and other receivables	68,151	58,331
Prepaid land lease payments (note 13)	95	95
	82,834	67,826

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

18. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Cash and bank balances	95,509	167,167
Time deposits	71,287	27,001
	166,796	194,168
Less: Pledged deposits		
Pledged for bank loans	(71,287)	(27,001)
Cash and cash equivalents	95,509	167,167
Cash and bank balances denominated in		
— Renminbi ("RMB")	49,710	55,810
— United States dollars ("US\$")	39,657	72,009
— HK\$	5,007	35,896
— Other currencies	1,135	3,452
Cash and cash equivalents	95,509	167,167

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

18. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (Continued)

The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Pledged bank deposits represent balances pledged to banks for the Group's banking facilities.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

19. INTEREST-BEARING BANK AND OTHER BORROWINGS

Current	30 June 2015 (Unaudited)			31 December 2014 (Audited)		
	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 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (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).

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

19. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

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).

20. 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.

21. OTHER PAYABLES AND ACCRUALS

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Deposits received from customers	37,497	24,039
Other payables	22,888	5,365
Salary and welfare payables	27,836	50,058
Accruals	1,650	108
	89,871	79,570

Salary and welfare payables are non-interest-bearing and are payable on demand. Other payables and accruals are non-interest-bearing and are due to mature within one year.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

22. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Forward currency contracts	3,321	6,107

The Group has entered into various contracts to manage its exchange rate exposures, which did not meet the criteria for hedge accounting. Gains on changes in the fair value amounting to HK\$2,787,000 were recognised in the statement of profit or loss and other comprehensive income for the six months ended at 30 June 2015 (30 June 2014: losses of HK\$8,453,000).

23. ISSUED CAPITAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 18 December 2013 with initial authorised share capital of HK\$380,000 divided into 380,000 shares of nominal value of HK\$1.00 each. On the date of incorporation, 1 share of nominal value of HK\$1.00 was allotted and issued to its then shareholder.

On 24 January 2014, the issued and unissued share of HK\$1.00 in the share capital of the Company was sub-divided into 100 shares of HK\$0.01 each in the share capital of the Company. On the same date, the Company issued 696,096 shares to its then shareholder. Upon the completion of a group reorganisation on 24 January 2014, the Company became the holding company of the Group and the number of total ordinary shares was 696,196.

On 27 June 2014, the Company issued 303,804 shares and thereafter the number of the total ordinary shares was 1,000,000.

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Issued and fully paid:		
1,000,000 (2014:1,000,000) ordinary shares	10	10

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

24. SHARE OPTION SCHEMES

The Company has adopted two share option schemes (the "Schemes", including the Pre-IPO Share Option Scheme and the Share Option Scheme) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Schemes include employees, advisers, consultants, agents, contractors, clients, suppliers and any other person(s) whom the board of directors of the Company, in their sole discretion, consider has contributed or may contribute to the Group.

Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme became effective on 29 May 2015. The following share options were outstanding under the Pre-IPO Share Option Scheme of the Company during the period:

Date of grant	Numbers of share options			Exercise period (both dates inclusive) (note a)	Exercise price per share (HK\$)
	At 1 January 2015	Granted during the period	At 30 June 2015		
29 May 2015	–	21,024,000	21,024,000	2 July 2016 to 1 July 2019	0.83

Notes:

- One-third of these share options are exercisable on the 1st anniversary date of 2 July 2015, a further one-third are exercisable on the 2nd anniversary date of 2 July 2015, and the remaining one-third are exercisable on the 3rd anniversary date of 2 July 2015.
- The following assumptions were used to derive the fair value, using the binomial model:

Options granted on 29 May 2015

	At grant date
(i) Expected volatility	39.79–47.04% per year
(ii) Expected life of options	2.1–4.1
(iii) Average risk-free interest rate	0.44–0.87% per year
(iv) Expected dividend yield	3.3% per year
(v) Estimated rate of leaving service	0% per year

As at 30 June 2015, the Company had 21,024,000 share options outstanding under the Pre-IPO Share Option Scheme. The exercise in full of the outstanding share option would, under the present capital structure of the Company, result in the issue of 21,024,000 additional ordinary shares of the Company and additional share capital of HK\$210,240 and share premium of HK\$42,213,000 (before issue expenses).

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

24. SHARE OPTION SCHEMES *(Continued)*

Share Option Scheme

The Share Option Scheme became effective on 12 June 2015 and, unless otherwise cancelled or amended, will remain in force for 10 years.

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to directors, chief executive or substantial shareholders of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to substantial shareholders or independent non-executive directors of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotation sheets of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of grant of the share options, (ii) the average of the closing prices of the Company's shares as stated in the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date of grant and, (iii) the nominal value of a share of the Company.

Share options do not confer rights on the holders to receive dividends or to vote at general meetings of the Company.

No share option was outstanding under the Share Option Scheme as at 30 June 2015.

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

25. 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

26. COMMITMENTS

In addition to the operating lease commitments detailed in note 25 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

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

27. RELATED PARTY TRANSACTIONS

- (1) In addition to the transactions detailed elsewhere, the Group had the following material transactions with a related party during the period:

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Rental expenses:		
XinYongYi Technology Park (Heyuan) Limited ("XinYongYi")	(i) 2,108	1,185

- (i) The rental expenses were paid to XinYongYi, which was controlled by a director of the Company, for a lease of plant and office premises located in Heyuan and were charged at a monthly rental of HK\$356,824 for the six months ended 30 June 2015 (six months ended 30 June 2014: HK\$288,610). The rental was made according to negotiation with the counterparty.

(2) Outstanding balances with related parties

These balances are unsecured, interest-free and repayable on demand. The carrying amounts of these balances approximate to their fair values.

(3) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short term employee benefits	2,200	1,818
Post-employment benefits	70	65
Equity-settled share option expenses	239	–
Total compensation paid to key management personnel	2,509	1,883

Notes to the Interim Condensed Consolidated Financial Statements

30 June 2015

28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

At 30 June 2015 and 31 December 2014, the fair values of the Group's financial assets and financial liabilities approximated to their respective carrying amounts.

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, bills receivable, financial assets included in prepayments, deposits and other receivables, available-for-sale investments, trade payables, bills payable, financial liabilities included in other payables and accruals, derivative financial instruments and interest-bearing bank and other borrowings approximate to their respective carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the audit committee. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group enters into derivative financial instruments with banks and financial institutions with AAA credit ratings. Derivative financial instruments, including forward currency contracts, are measured using valuation techniques similar to forward pricing models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates. The carrying amounts of forward currency contracts are the same as their fair values.

Fair value hierarchy:

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Notes to the Interim Condensed Consolidated Financial Statements

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28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

Assets measured at fair value:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Available-for-sale investments	3,028	70,263

Liabilities measured at fair value:

	30 June 2015 HK\$'000 (Unaudited)	31 December 2014 HK\$'000 (Audited)
Derivative financial instruments	3,321	6,107

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2014: Nil).

29. EVENTS AFTER THE REPORTING PERIOD

On 2 July 2015, the Company capitalised a portion of the balance of the share premium account and applied such sum in paying up in full at nominal value of a total of 599,000,000 shares for allotment and issue to the existing shareholders of the Company. On the same date, the Company was listed on the Stock Exchange and issued 200,000,000 shares. Thereafter, the number of shares issued by the Company and the issued capital of the Company reached 800,000,000 and HK\$8,000,000.

On 17 July 2015, the Over-allotment Option described in the Prospectus was partially exercised by the Sole Global Coordinator in respect of 319,000 additional shares. Thereafter, the number of shares issued by the Company and the issued capital of the Company reached 800,319,000 and HK\$8,003,190.

On 27 July 2015, share options to subscribe for a total of 2,000,000 shares were granted to Mr. Huang Erwin Steve, a non-executive Director of the Company, under the Share Option Scheme adopted by the Company on 12 June 2015. The exercise price of the share options granted was HK\$3.46 per share. A maximum of 50% of the share options shall become vested and exercisable on the 1st anniversary date of 27 July 2015 and a maximum of 50% of the share options shall become vested and exercisable on the 2nd anniversary date of 27 July 2015.

30. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These unaudited interim condensed consolidated financial statements of the Group for 30 June 2015 were approved and authorised for issue in accordance with a resolution of the board of directors on 28 August 2015.