

SUMMARY

This summary aims to give you an overview of the information contained in this [REDACTED]. As this is a summary, it does not contain all the information that may be important to you. You should read this [REDACTED] in its entirety before you decide to invest in the [REDACTED].

There may be greater risks associated with investment in companies listed on GEM than companies listed on the Main Board. Some of the particular risks in investing in the [REDACTED] are set out under the section headed "Risk factors" in this [REDACTED]. You should read that section carefully before you decide to invest in the [REDACTED].

OVERVIEW

We are an integrated energy saving solutions provider based in Hong Kong, specialising in lighting solutions. We possess a full range of capabilities which allows us to provide a broad range of energy saving services for lighting solutions, ranging from advising on lighting solution, product customisation, on-site inspection and measurement, product sourcing, project deployment to after sales service. Depending on our customers' specific needs and requirements, we provide either an entire spectrum of services, as in the provision of our leasing services, or we provide a part of such services within our range of capabilities as specified by our customers to cater their needs under our trading of lighting products business or our Consultancy Services. According to the Ipsos Report, we are the fourth largest energy management contract provider for lighting projects in Hong Kong in terms of total revenue for the year ended 31 December 2013.

Depending on the range of services we offer to our customers, our business is broadly divided into three segments:

(i) Leasing Services

We provide our energy saving solutions by leasing our lighting products to our customers. As illustrated in the first table under the paragraph headed "Business model" in the section headed "Business", our leasing services comprise a full range of services along the business value chain from advising on lighting solutions to provision of after-sales services. The contract which we enter into with our leasing services is generally referred as EMC. Before we enter into EMC with our customers, we provide on-site electricity consumption assessment using our calibrated measuring devices. Based on the on-site data we obtained, we propose different energy saving lighting products which comprise of our "Tube-in-Tube" Fluorescent Lamps and/or other lighting products to achieve electricity consumption savings for our customers.

The prominent features of our leasing services include (i) providing all of our energy saving lighting products at no initial costs to our customers with generally free installation; (ii) providing retrofit feature of our lighting products and generally does not require our customers to replace their existing lighting fixtures to use our lighting products; and (iii) during the term of the EMC, when our lighting products become faulty or spent and upon notification from our customers, providing replacement of lighting products to our customers. We generally sign three-year EMC with our customers. During the term of the EMC, we charge a predetermined fixed monthly leasing fee which represents a portion of the estimated savings on the customers' electricity charges after replacing their existing lighting products with our proposed lighting products based on the assessment results. The pre-determined fixed monthly leasing fee will not be adjusted during the contract term unless (i) where the actual total energy saving per month is substantially less than the estimated total energy saving per month as set out in the EMC, in which case, failing remedial actions, we shall determine such shortfall and adjust downwards the monthly leasing fee accordingly; or (ii) in the event that the effective electricity unit rate actually charged under

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the electricity bill is increased or decreased by more than 5% when compared to the electricity unit rate at the time of entering into the EMC, the fixed monthly leasing fee will be adjusted correspondingly. If the saving performance cannot be achieved after the failure of our remedial actions, our customers are entitled to early terminate the EMC without any penalty payable to us.

The lighting products being offered to our customers under our leasing services include our "Tube-in-Tube" Fluorescent Lamps, LEDs and other lighting products, which include induction lamps. Our customers in this business segment are mainly end-users of energy saving solutions, among which many of them are reputable and/or multi-national companies in Hong Kong, such as property management companies, car park operators, retail operators, banks and insurance companies, which utilise relatively substantial amount of electricity in the properties which they manage or operate, such as office premises, shopping malls, residential properties, car parks, retail chains and restaurants, etc.. As at the Latest Practicable Date, customers of our leasing services segment are mainly based in Hong Kong.

(ii) Trading of Lighting Products

We also provide our energy saving solutions by selling our lighting products, including our "Tube-in-Tube" Fluorescent Lamps, LEDs and other lighting products to our customers together with provision of various support arrangement as depicted in the first table under the section headed "Business – Business model" in this [REDACTED], which may include provision of our business and technical know-how and advice on lighting products, customisation and advice on lighting products specifications and providing training on sales and marketing techniques of our lighting products. Our trading customers are mainly overseas distributors. We enter into distribution agreements (both exclusive and non-exclusive) with our distributors, who have local knowledge and market information in their local market. Complementary to delivery of our lighting products to our distributors, we also provide sales support and documentations so as to assist and facilitate them in engaging their energy saving business in their respective markets. Apart from our distributors, we may also occasionally enter into one-off sales contracts with our direct sales customers such as property management company and factory operator. We mainly sell our lighting products to them when they prefer direct purchase or where past electricity consumption comparable is not available. Our lighting products to overseas customers are priced with reference to a few factors including (i) electricity price; (ii) market acceptance of environmentally friendly lighting products in the relevant local markets; and (iii) the estimated revenues our customers may charge to their end customers for provision of energy saving solutions (if applicable). So far, we mainly sell our "Tube-in-Tube" Fluorescent Lamps, LEDs and other lighting products such as induction lamps to our overseas customers.

(iii) Consultancy Services

We also provide Consultancy Services which assist our Consultancy Services customers, who are energy saving solutions providers, in providing their services in their respective regions. We provide our Consultancy Services customers with the business and technical know-how relating to energy saving solutions. Leveraging on our technical know-how and experience in providing energy saving solutions in Hong Kong, our primary objective for provision of our Consultancy Services is to assist and facilitate our customers in establishing their energy saving business and serve their customers in their designated markets. Each of the CS Contracts we entered into during the Track Record Period for provision of our Consultancy Services is project-based.

As depicted in the first table under the section headed "Business – Business model" in this [REDACTED], our scope of Consultancy Services includes (i) provision of business and technical know-how principally on energy saving and installation assessment; (ii) on-site inspection and measurement on our customers' behalf at the targeted sites under the project; (iii) customisation and advice on lighting product specifications; (iv) issuance of measurement reports, analysis and carbon

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emission audit report showing the amount of savings if our suggested products are being used to replace the existing lighting products of the designated site of the end customers; and (v) provision of marketing materials showing energy saving case studies, referrals and credentials.

Our Consultancy Services do not involve selling or leasing of our lighting products to our Consultancy Services customers or any third parties, but we will make recommendations on procurement and sourcing of lighting products from suitable suppliers including our OEMs and our short-listed suppliers. In the case if our "Tube-in-Tube" Fluorescent Lamps are the selected products, we will authorise our OEMs to supply the recommended quantity of such products to our Consultancy Services customers or their end customers directly. In return for our services rendered, we will charge our Consultancy Services fees with reference to the estimated revenues that our Consultancy Services customers may generate from their provision of energy saving solutions to their end customers.

Our competitive strengths and business strategies

We believe we have the following competitive strengths:

1. We have an established business model in providing customised and integrated energy saving solutions which is well recognised by our customers.
2. Our "zero costs energy saving programme" under our leasing services business model is also well recognised by our customers.
3. We have a broad and stable customer base consisting of reputable and well-known companies.
4. We have in-depth technical expertise and experience, strong research and development capabilities and we own our "Tube-in-Tube" Fluorescent Lamp technology.
5. We have a dedicated and professional senior management team.

Our business strategies include:

1. Further expand in international markets through customisation of our lighting products and appointment of distributors.
2. Continue to expand in PRC markets through offering our Consultancy Services or entering into strategic partnerships.
3. Continue to expand our energy saving solutions business in Hong Kong.
4. Engage in marketing activities to enhance our brand image and recognition.
5. Further enhance our research and development capabilities.

Our major customers

Our major customers can be classified into the following groups:

- (a) leasing services customers, who are Independent Third Parties based in Hong Kong and with whom we enter into EMCs for our leasing of lighting products;
- (b) our two Consultancy Services customers and with whom we enter into CS Contracts for our Consultancy Services; and
- (c) our overseas distributors and our direct sales customers, who are Independent Third Parties, and with whom we enter into distribution agreements or one-off sales contracts respectively for sale and purchase of our lighting products.

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Among our major customers, Well Spread contributed the most to our revenue for the two years ended 31 March 2013 and 2014. Revenue from Well Spread accounted for approximately HK\$35.0 million, HK\$27.9 million and nil of our total revenue for each of the two years ended 31 March 2014 and for the six months ended 30 September 2014 respectively and representing approximately 49.4%, 34.8% and 0% of our total revenue in the same period. Under the CS Contracts, a credit period of 180 days was agreed after arm's length negotiations with Well Spread. The trade receivables due from Well Spread accounted for 63.4%, 53.3% and 28.3% of our Group's trade receivables as at 31 March 2013 and 2014 and 30 September 2014 respectively. For the six months ended 30 September 2014, our Japanese exclusive distributor became our largest customer, and the revenue contributed by it accounted for approximately HK\$9.6 million, HK\$23.6 million and HK\$14.9 million for the two years ended 31 March 2013 and 2014 and the six months ended 30 September 2014 respectively, representing approximately 13.6%, 29.5% and 39.3% of our total revenue in the same period.

During the Track Record Period, the level of our reliance on Well Spread had been declining. The decline of our reliance was mainly due to (i) the continuously increasing contribution from our trading business (especially the overseas distribution) accounting for approximately 38.4%, 52.7% and 61.2% of the total revenue of our Group during the two years ended 31 March 2013 and 2014 and the six months ended 30 September 2014; and (ii) the signing of a new CS Contract with our new customer for Consultancy Services in August 2014, accounting for approximately 27.8% of the total revenue of our Group for the six months ended 30 September 2014.

Furthermore, it is our Group's strategy to further expand the clientele of our Consultancy Services should we be able to identify suitable potential customer, further explore opportunities for cooperation with suitable business partners for our Group to explore business opportunities worldwide, continue to develop our distributors network, and further develop our leasing services. As such, our Directors are of view that our Group is not reliant upon Well Spread, and the contribution by Well Spread in terms of the proportion of income contribution to our Group's total revenue will be further reduced.

Our Directors are of the view that the significant increase in the demand of our Group's lighting products is due to (i) our successful experiences in providing energy saving solutions in Hong Kong; (ii) the credentials from our leasing services which are reputable and/or multi-national corporations in Hong Kong; (iii) the acceptance of energy saving solutions by our distributors and their end customers; (iv) our edge associated with our "Tube-in-Tube" Fluorescent Lamp technology; (v) increased market awareness of our Company by attending international trade fairs and lighting exhibitions; and (vi) the relatively higher electricity unit rate in distributors' local markets as compared to that of Hong Kong.

Our major suppliers

Our major suppliers mainly include:

- (a) our OEMs, who are Independent Third Parties based in the PRC, and with whom we have the production subcontracting arrangements for our "Tube-in-Tube" Fluorescent Lamps and our high bay lamps; and
- (b) suppliers for other lighting products, who are Independent Third Parties, and from whom we purchase LEDs and other lighting products, such as flood lights.

The production cost of our "Tube-in-Tube" Fluorescent Lamps and our high bay lamps charged by our OEMs contributed the most to the total amount paid to our suppliers for each of the two years ended 31 March 2014 and for the six months ended 30 September 2014 which were approximately HK\$13.3 million, HK\$18.4 million and HK\$12.0 million respectively, representing approximately 81.3%, 78.5% and 89.6% of our Group's total costs of sales for trading of energy saving lighting products in the same period.

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KEY INTELLECTUAL PROPERTY RIGHTS

Our "Tube-in-Tube" Fluorescent Lamp technology was invented by two Hong Kong inventors, Mr. Chan and Mr. Ng. Our Group began to acquire the right in the patents relating to the "Tube-in-Tube" Fluorescent Lamp technology back in 2009. From 29 May 2009, we had been granted a licence to use and exploit the patents across the globe on an exclusive basis. On 30 November 2011, the transfer of the rights in the patents of our Group was completed. We are advised by our Hong Kong legal advisers as to intellectual property rights that the patents relating to our "Tube-in-Tube" Fluorescent Lamp technology in China, Germany and Hong Kong have reached their full term of protection and renewal of these three patents is not possible. As at the Latest Practicable Date, our Group is the proprietary owner of 13 patents relating to the "Tube-in-Tube" Fluorescent Lamp technology, details of which are set out in the section headed "Business – Intellectual property rights" in this [REDACTED].

As at the Latest Practicable Date, we are the proprietary owner of the "Tube-in-Tube" Fluorescent Lamp technology in Hong Kong and 12 other countries, including United States, Canada, Singapore, Australia, New Zealand, South Korea, South Africa, Vietnam, Russian Federation, Indonesia, the Philippines and India.

Our "Tube-in-Tube" Fluorescent Lamp is a retrofit product, meaning its installation does not require replacement of the existing lighting fixtures, thereby helping to reduce upfront investment costs when we provide leasing services to our customers. Our retrofit product also creates a sustainable solution whereas most energy saving lighting solutions normally need restructuring and create material wastages and hence are relatively more time consuming with higher costs. We believe we will be able to rely on our technical expertise and know-how, our technology, our proven product and our research and development team to further enhance and maintain our competitive advantage over potential and existing competitors.

INVESTMENT IN THE COOLING BUSINESS

On 21 April 2011, Synergy Worldwide entered into an agreement with, inter alia, SGT to further diversify our Group's investments into the energy saving air conditioning and cooling management business. As a result, Synergy Worldwide holds approximately 27.2% of the issued share capital of SCM (BVI), an associate company of the Group, which in turn holds 100% shareholding of SCM (HK), and SGT transferred, among others, all its signed/authorised distributorship and all refrigerant related mixing formulae to SCM (BVI). SCM (HK) is the operating company of SCM(BVI) to conduct the business of provision of energy saving air conditioning and cooling management services.

Our Group expanded into energy saving air condition and cooling management solution business because our Directors believe (i) electricity consumptions of cooling appliance is approximately four times of the lighting appliance and thus its related service income is potentially higher; (ii) the potential share of customer base which may create synergy between the lighting business and the cooling business; and (iii) the expansion can further position our Group to be a one stop energy saving service provider given the electricity consumption for the use of lighting and cooling represents around 80% of the commercial electricity consumptions as a whole. As at the Latest Practicable Date, our Group does not intend to increase our investment and operation scale in the cooling business.

RECENT DEVELOPMENT

Subsequent to 30 September 2014 and up to the Latest Practicable Date, we have confirmed orders of an aggregate of approximately [68,000] "Tube-in-Tube" Fluorescent Lamps, [96,000] LEDs and [3,000] other products in relation to our trading of lighting products, of which approximately [68,000] "Tube-in-Tube" Fluorescent Lamps, [31,000] LEDs and [3,000] other products have been delivered as of the Latest Practicable Date. For Consultancy Services, we have confirmed orders with one of our existing customers with expected deployment in certain sites in Zhongshan, the PRC. In addition, as at the Latest Practicable Date, we have 105 EMCs on hand. Subsequent to 30 September 2014 and up to the Latest Practicable Date, we entered into [two] new EMCs and renewed the term of [one] EMC, while [one] EMC was terminated upon expiry.

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Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 30 September 2014, being the date on which the latest financial information of our Group was reported in the Accountant's Report set out in Appendix I to this [REDACTED] and up to the date of this [REDACTED].

CORE SHAREHOLDERS

Our Core Shareholders, Mr. Alastair Lam, a non-executive Director, Mr. Mansfield Wong, our Chairman, the Chief Executive Officer of our Company and an executive Director, and Mr. Arthur Lam, an executive Director, collectively held approximately [REDACTED] of the shareholding in our Company immediately before the [REDACTED]. Immediately after the completion of the [REDACTED], they will collectively hold approximately [REDACTED] of the shareholding in our Company. Further background information of our Core Shareholders are set out in the section headed "Directors, senior management and staff" in this [REDACTED].

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following is a summary of our consolidated financial information for the periods indicated. We have derived the summary from our consolidated financial information set forth in the Accountant's Report in Appendix I to this [REDACTED]. The below summary should be read together with the consolidated financial information in Appendix I to this [REDACTED], including the accompanying notes and the information set forth in the section headed "Financial information" in this [REDACTED].

Summary of consolidated statements of comprehensive income

| | Year ended 31 March | | Six months ended 30 September | |
|--|---------------------|----------|----------------------------------|----------|
| | 2013 | 2014 | 2013 | 2014 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | | (Unaudited) | |
| Revenue | 70,843 | 79,935 | 35,797 | 37,847 |
| Cost of sales | (21,018) | (28,941) | (12,339) | (15,583) |
| Gross profit | 49,825 | 50,994 | 23,458 | 22,264 |
| Share of results of associates | (4,384) | (4,198) | (2,067) | (1,971) |
| Profit before income tax | 28,856 | 31,020 | 14,433 | 15,327 |
| Total comprehensive income for the year/period attributable to the owners of the Company | 22,062 | 23,538 | 11,079 | 11,832 |

Summary of consolidated statements of financial position

| | As at 31 March | | As at 30 September |
|-------------------------|----------------|----------|-----------------------|
| | 2013 | 2014 | 2014 |
| | HK\$'000 | HK\$'000 | HK\$'000 |
| Current assets | 55,975 | 81,491 | 70,134 |
| Current liabilities | 33,109 | 68,209 | 41,781 |
| Net current assets | 22,866 | 13,282 | 28,353 |
| Non-current assets | 29,738 | 22,361 | 19,572 |
| Non-current liabilities | 1,056 | 573 | 1,023 |
| Net assets | 51,548 | 35,070 | 46,902 |

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The following sets out our key financial data during the Track Record Period:

Revenue

(a) *Breakdown by business segments*

| | Year ended 31 March | | | | Six months ended 30 September | | | |
|----------------------------------|---------------------|--------------|---------------|--------------|-------------------------------|--------------|---------------|--------------|
| | 2013 | | 2014 | | 2013 | | 2014 | |
| | HK\$'000 | % | HK\$'000 | % | HK\$'000 | % | HK\$'000 | % |
| | (Unaudited) | | | | | | | |
| Trading of: | | | | | | | | |
| "Tube-in-Tube" Fluorescent Lamps | 25,058 | 35.4 | 33,304 | 41.7 | 17,168 | 48.0 | 13,164 | 34.8 |
| LEDs | 1,045 | 1.5 | 4,300 | 5.4 | 623 | 1.7 | 970 | 2.6 |
| Other products ^{Note} | 1,076 | 1.5 | 4,455 | 5.6 | 1,380 | 3.9 | 9,029 | 23.8 |
| Consultancy Services | 34,992 | 49.4 | 27,856 | 34.8 | 11,853 | 33.1 | 10,503 | 27.8 |
| Leasing Services | 8,672 | 12.2 | 10,020 | 12.5 | 4,773 | 13.3 | 4,181 | 11.0 |
| Total | 70,843 | 100.0 | 79,935 | 100.0 | 35,797 | 100.0 | 37,847 | 100.0 |

Note: Other products are mainly induction lamps

(b) *Breakdown by geographical areas*

| | Year ended 31 March | | | | Six months ended 30 September | | | |
|------------------------|---------------------|--------------|---------------|--------------|-------------------------------|--------------|---------------|--------------|
| | 2013 | | 2014 | | 2013 | | 2014 | |
| | HK\$'000 | % of total | HK\$'000 | % of total | HK\$'000 | % of total | HK\$'000 | % of total |
| | (Unaudited) | | | | | | | |
| Hong Kong | 45,170 | 63.8 | 42,873 | 53.6 | 17,831 | 49.8 | 15,825 | 41.8 |
| Japan | 10,065 | 14.2 | 23,594 | 29.5 | 6,665 | 18.6 | 14,884 | 39.3 |
| Australia | 8,190 | 11.6 | 3,853 | 4.8 | 3,853 | 10.8 | 6,855 | 18.1 |
| Malaysia | 4,080 | 5.8 | 5,859 | 7.3 | 5,859 | 16.4 | – | – |
| Singapore | 1,231 | 1.7 | 2,649 | 3.3 | 1,040 | 2.9 | 19 | 0.1 |
| Other overseas regions | 2,107 | 2.9 | 1,107 | 1.5 | 549 | 1.5 | 264 | 0.7 |
| Total revenue | 70,843 | 100.0 | 79,935 | 100.0 | 35,797 | 100.0 | 37,847 | 100.0 |

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Gross Profit

The following table sets out the breakdown of our Group's gross profit and gross profit margin by segment during the Track Record Period:

| | Year ended 31 March | | | | Six months ended 30 September | | | |
|------------------------------|---------------------|---------------------|--------------|---------------------|-------------------------------|---------------------|--------------|---------------------|
| | 2013 | | 2014 | | 2013 | | 2014 | |
| | Gross Profit | Gross Profit Margin | Gross Profit | Gross Profit Margin | Gross Profit | Gross Profit Margin | Gross Profit | Gross Profit Margin |
| | HK\$'000 | (%) | HK\$'000 | (%) | HK\$'000 | (%) | HK\$'000 | (%) |
| | (Unaudited) | | | | | | | |
| Trading of lighting products | 10,834 | 39.9 | 18,683 | 44.4 | 9,105 | 47.5 | 9,730 | 42.0 |
| Consultancy Services income | 33,972 | 97.1 | 26,995 | 96.9 | 11,517 | 97.2 | 10,273 | 97.8 |
| Leasing service income | 5,019 | 57.9 | 5,316 | 53.1 | 2,836 | 59.4 | 2,261 | 54.1 |
| Total | 49,825 | 70.3 | 50,994 | 63.8 | 23,458 | 65.5 | 22,264 | 58.8 |

The gross profit margin for our Consultancy Services segment is significantly higher than our other two segments because the direct costs of our Consultancy Services (which mainly included staff salaries and research costs) are relatively low as compared to the attributable income.

SELECTED KEY FINANCIAL RATIOS

| | Year ended 31 March | | Six months ended 30 September | |
|-------------------------|---------------------|--------|-------------------------------|--------|
| | 2013 | 2014 | 2013 | 2014 |
| Gross profit (HK\$'000) | 49,825 | 50,994 | 23,458 | 22,264 |
| Net profit (HK\$'000) | 22,062 | 23,538 | 11,079 | 11,835 |
| Gross profit margin | 70.3% | 63.8% | 65.5% | 58.8% |
| Net profit margin | 31.1% | 29.4% | 30.9% | 31.3% |

As we expect our trading of lighting products will continue to increase, our related costing structure is also expected to change accordingly, (i.e. our costs of sales, in particular our material cost is expected to increase). Due to the fact that our trading business is not the business segment with the highest gross profit margin and net profit margin, increase in revenue generated by our trading of lighting products may affect our overall profitability. Thus, we may not be able to maintain the overall gross profit and net profit margin as during the Track Record Period.

[REDACTED]

The total estimated [REDACTED] in connection with the [REDACTED] will be approximately HK\$[REDACTED]. Of this amount, approximately HK\$[REDACTED] will be borne by our Group and approximately HK\$[REDACTED] will be borne by the [REDACTED]. Up to at 30 September 2014, we have incurred [REDACTED] of approximately HK\$[REDACTED].

It is estimated that approximately [REDACTED] and [REDACTED] will be charged to the profit or loss of our Group for the six months ending 31 March 2015 and approximately [REDACTED] will be charged to the equity of our Group for the year ending 31 March 2015. This calculation is based on the [REDACTED] of [REDACTED] (being the mid-point of our indicative [REDACTED] range of [REDACTED]) and the assumption that [REDACTED] expected to be issued under the [REDACTED] and [REDACTED] are issued and outstanding immediately following the [REDACTED] and is subject to reallocation based on the actual expenses incurred or to be incurred.

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Our Group anticipates that the [REDACTED] in the sum of approximately [REDACTED] will be charged to the profit or loss of our Group for the year ending 31 March 2015. The said amount represents approximately [REDACTED] of the net profit before tax of our Group for the year ended 31 March 2014. In light of the aforesaid, our results of operation for the year ending 31 March 2015 is expected to be, to certain extent, adversely affected by the non-recurring [REDACTED].

SUMMARY OF MATERIAL RISK FACTORS

Our Directors consider that there are risks and uncertainties relating to our business, our industry and the [REDACTED]. Some of the material risks we face include, but are not limited to:

- Our Group's gross profit margin may decrease or may not be sustainable
- We may be dependent on certain major customers
- We face risks associated with the marketing and sale of our lighting products internationally, and if we are not able to effectively manage these risks, our ability to expand our business abroad will be limited
- We may not be able to derive the desired benefits from our research and development efforts

Further details of the risks we face are set out in the section headed "Risk factors" in this [REDACTED].

HISTORICAL NON-COMPLIANCE

During the Track Record Period, SLL, our operating subsidiary, did not comply with certain provisions of the IRO for late filing of tax returns and failure to notify chargeability to tax and the maximum penalty that could be imposed by the IRD is approximately HK\$6.6 million. Further, during the Track Record Period, our Group did not comply with certain provisions of the TMO for misuse of a symbol importing reference to registration of a trade mark and we are liable to a fine of HK\$10,000. For details of the incidences of non-compliance, please refer to the section headed "Business – Regulatory compliance" in this [REDACTED].

BUSINESS OBJECTIVES, FUTURE PLANS AND USE OF PROCEEDS

The business objectives of our Group are as follows:

- (a) to further develop and improve our lighting products;
- (b) to become one of the global leaders for provision of energy saving solutions; and
- (c) to penetrate and expand into key international markets with our energy saving products and energy saving solutions.

As general lighting contributes to a significant part of worldwide energy consumption and carbon emission, being an energy saving lighting solutions provider, we pay particular attention to the impact caused by lighting products to our environment.

[The net proceeds from the [REDACTED] of [REDACTED], after deducting related expenses, are estimated to amount to approximately [REDACTED] assuming a [REDACTED], being the mid-point of the indicative [REDACTED] range. Our Directors intend to apply such net proceeds from [REDACTED] of [REDACTED] as follows:

- approximately [REDACTED] of the net proceeds, or approximately [REDACTED] to be used for expansion of our Group's business in international markets;
- approximately [REDACTED] of the net proceeds, or approximately [REDACTED] to be used for expansion of our Group's business in the PRC;
- approximately [REDACTED] of the net proceeds, or approximately [REDACTED] to be used for expansion of our Group's business in Hong Kong;

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- approximately [REDACTED] of the net proceeds, or approximately [REDACTED] to be used for the , marketing activities to enhance our brand image and recognition; and
- approximately [REDACTED] of the net proceeds, or approximately [REDACTED] to be used for enhancing our research and development capabilities.
- the remaining amount of approximately [REDACTED], representing approximately [REDACTED] of the net proceeds, will be used to provide funding for our working capital and other general corporate purposes.

[REDACTED] STATISTICS

| | Based on the [REDACTED] of | |
|---|----------------------------|------------|
| | [REDACTED] | [REDACTED] |
| Market capitalisation at the [REDACTED] (Note 1) | [REDACTED] | [REDACTED] |
| Unaudited pro forma adjusted consolidated net tangible assets per Share (Notes 2) | [REDACTED] | [REDACTED] |

Notes:

- (1) The calculation of the market capitalisation is based on [REDACTED] expected to be in issue immediately after the completion of the [REDACTED] but takes no account of any Shares which may fall to be issued upon the exercise of any option which may be granted under the Share Option Scheme.
- (2) The unaudited pro forma adjusted consolidated net tangible assets per Share has been arrived at after adjustments referred to in the paragraph headed "Unaudited Pro Forma Adjusted Net Tangible Assets" in Appendix II to this [REDACTED] and on the basis of [REDACTED] in issue at the [REDACTED] immediately upon the completion of the [REDACTED].

DIVIDEND POLICY

During each of the two years ended 31 March 2013 and 2014, our Group declared special interim dividends of approximately HK\$25.0 million and HK\$40.0 million respectively to our then equity owners. All dividends declared were fully settled prior to the [REDACTED] and were paid in cash out of the internal resources of our Group. Investors should pay attention to the possible impact on our cashflow and working capital as a result of the payment of the special dividend.

The declaration of future dividends will be subject to the discretion of our Directors and will depend on, inter alia, our results of operations, cash flows and financial condition, operating and capital requirements, the amount of distributable profits based on HKFRS, the Memorandum and Articles of Association, the Companies Law, applicable laws and regulations and other factors, that our Directors deem relevant. Accordingly, potential investors should note that dividend payments in the past should not be regarded as an indication of future dividend policy. There can be no assurance that we will declare dividends in the future.