***Potential investors should carefully consider all of the information set out in this* [REDACTED] *and, in particular, should consider the following risks and special considerations associated with an investment in the* [REDACTED] *before making any investment decision in relation to the* [REDACTED].**

***This* [REDACTED] *contains certain forward-looking statements relating to our Group's plans, objectives, expectations and intentions, which involve risks and uncertainties. Our Group's actual results could differ materially from those discussed in this* [REDACTED]. *Factors that could cause or contribute to such differences include those discussed below, as well as those discussed elsewhere in this* [REDACTED].**

RISKS RELATING TO OUR GROUP

Our Group's gross profit margin may decrease or may not be sustainable

Our Group's overall gross profit margin has been decreasing during the Track Record Period. Our overall gross profit margin was approximately 70.3%, 63.8% and 58.8% respectively for each of the two financial years ended 31 March 2014 and the six months ended 30 September 2014 respectively.

An analysis of our gross profit margin by segments is set out in the section headed "Financial information – Description of principal income statement items – Gross profit and gross profit margin" in this [**REDACTED**].

Our revenue proportion between our three business segments may change as a result of adjustments in our business strategy, market conditions, customers' demand and other factors. Our income proportion between the three segments had changed during the Track Record Period as more particularly described in the section headed "Financial information – Description of principal income statement items – Revenue", and "Financial information – Description of principal income statement items – Gross profit and gross profit margin" in this [**REDACTED**].

If our revenue mix changes and a business segment with lower gross profit margin gains larger proportion in our total revenue, our profitability may be adversely affected. Also, the gross profit margin of each segment and our business as a whole may not be sustainable as a result of increase in material costs and increase in the number of competitors within the market.

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 as well as warranty 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 to those during our Track Record Period.

We may be dependent on certain major customers

We rely on our major customers to purchase a significant portion of our lighting products or service. For the two years ended 31 March 2014 and for the six months ended 30 September 2014, revenue attributable to our top five customers together accounted for approximately 82.6%, 80.4% and 88.5% of our total revenue, respectively, while the largest customer accounted for approximately 49.4%, 34.8% and 39.3% of our total revenue, respectively.

There can be no assurance that we will be able to retain these customers or that they will maintain their business relationship with us. If there is a reduction or cessation of orders from these customers for whatever reasons and we are unable to obtain suitable orders of a comparable size and terms in substitution, our business, financial condition and results of operations may be materially and adversely affected. Moreover, given that most of our revenue is derived from our sale to our five largest customers, any deterioration on their ability to purchase our lighting products or Consultancy Services will have a material adverse effect on our results of operations.

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

Our Group expands our market internationally primarily through our distributors and our business partners. Our revenue generated from overseas accounted for approximately 36.3%, 46.4% and 58.2% of our total revenue for each of the two years ended 31 March 2014 and the six months ended 30 September 2014 respectively. The marketing and sale of our lighting products overseas expose us to a number of risks, including but not limited to:

– increased costs associated with maintaining the ability to understand the international markets and following their trends;

– difficulty with developing and maintaining an effective marketing and distributing presence in various countries;

– difficulty in adapting our energy saving solutions to the requirements in new markets and increased costs in modifying our business model and educating potential customers of the merits of our energy saving solutions;

– failure to obtain or maintain certifications for our lighting products in these markets;

– inability to obtain, maintain or enforce intellectual property rights (if applicable); and

– unanticipated changes in prevailing economic conditions and regulatory requirements and trade barriers such as export requirements, tariffs, taxes and other restrictions and expenses.

We may not be able to develop and implement policies and strategies that will be effective in each location where we conduct business. A change in one or more of the factors described above may have a material adverse effect on our growth prospects, business, financial condition and results of operations.

We may not be able to derive the desired benefits from our research and development efforts

Our competitive strengths include, amongst others, our in-depth technical expertise and experience and strong research and development capabilities in providing integrated energy saving solutions. We place significant emphasis on research and development, in particular, to improve our lighting products and enhance the diversity of our energy saving solutions, which we believe is one of the crucial factors for our future growth and prospects. We cannot assure you that our future research and development projects will be successful, or that our newly developed lighting products will achieve commercial success.

Further, we cannot assure you that our existing or potential competitors will not develop energy saving solutions which are similar to or more cost-efficient than our existing solutions. Our research and development costs represented approximately 3.0%, 2.3% and 1.0% of our revenue for each of the two years ended 31 March 2014 and for the six months ended 30 September 2014, respectively. It is often difficult to project the time frame for developing new energy saving products and the duration of market demand for such products. There is a substantial risk that we may have to abandon a potential product that can no longer cater for our customers' needs, even after we have invested significant resources in the research and development of such product.

We may not be able to successfully protect our technical know-how or intellectual property rights, which may affect our financial condition and our competitive advantage

We are the patented 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, Philippines and India. Our "Tube-in-Tube" Fluorescent Lamps sold to our customers for each of the two years ended 31 March 2014 and for the six months ended 30 September 2014 accounted for approximately 97.3%, 95.5% and 91.1% respectively of our total quantity of lighting products sold under our trading business. If our Group fails to effectively monitor and protect these intellectual property rights, unauthorised parties may duplicate the products or technology of our Group, resulting in a loss of business to our Group. Also, we cannot assure you that our measures will be sufficient to prevent any misappropriation of our intellectual property rights, or that our competitors will not independently develop alternative technologies that are equivalent or superior to technologies based on our intellectual property rights. In addition, the patents owned by our Group have expiry dates. Our Group no longer has the monopoly over the patented technology in China, Germany and Hong Kong. Third parties may be able to utilise the technology to manufacture lighting products similar to our "Tube-in-Tube" Fluorescent Lamps to compete with our Group. Once the patent of relevant regions expires, the "Tube-in-Tube" Fluorescent Lamp technology will be in the public domain of the relevant regions and the competitive advantage over our competitors in the relevant regions will diminish and our profitability may be adversely affected.

We rely on our OEMs to supply us our "Tube-in-Tube" Fluorescent Lamps and our high bay lamps

We produce our "Tube-in-Tube" Fluorescent Lamps and our high bay lamps through independent OEMs and subcontract the whole production process to these OEMs. Any deficiency or disruption in the operation of these OEMs or dispute with them may result in our Group's failure to meet the orders of our customers or the schedule of our deployment for leasing services and the delivery of our lighting products for trading. Further, our engagement of these OEMs exposes us to the following risks, which may have a material adverse effect on our business, financial condition and results of operation:

– Our OEMs may fail to meet their production deadlines, maintain and satisfy our required quality standards, comply with our product specifications or may make unauthorised sales of our branded lighting products.

– Should our arrangements with any OEMs engaged by us be interrupted or terminated, we may not be able to locate alternative manufacturing sources on a timely basis or on commercially acceptable terms. Using new OEMs with which we have no established relationships could expose us to potentially unfavorable pricing, unsatisfactory quality or insufficient capacity allocation.

– Some of our OEMs also manufacture for other companies. We therefore compete with these companies for the production capacity of our OEMs. There is no assurance that our OEMs will allocate sufficient production capacity to our production requests.

Our business may be adversely affected if our overseas distributors or marketing agents fail to comply with our policies, relevant laws and regulations

Up to the Latest Practicable Date, we have [eight] distributors in relation to [nine] countries and three marketing agents in Hong Kong. We sell our lighting products to overseas distributors for their subsequent sales to their end-users or customers in the overseas markets and we are not responsible for the operation of their sales activities. Generally, the overseas distributors are responsible for the sales and they are allowed to sell our lighting products provided to them under our "Synergy" brand to end-user customers. We rely on the overseas distributors to manage their sales activities and ensure the quality and services provided to end-users or customers. Therefore, our ability to ensure strict adherence to our policies is relatively limited. Further, we also appoint marketing agents as our representatives in promoting and marketing our energy saving solution services and our lighting products in Hong Kong. The failure of any overseas distributors or marketing agents to comply with our policies could lead to erosion of the "Synergy" brand and unfavourable public perception of the quality of our lighting products, which could have a material adverse effect on our business, operating results and financial condition.

For the two years ended 31 March 2014 and the six months ended 30 September 2014, revenue attributable to our trading of lighting products business accounted for approximately 38.4%, 52.7% and 61.2% of our total revenue, respectively.

There can be no assurance that our distributors or marketing agents will be able to comply with their obligations under the distribution or agency agreements. If we are unable to appoint replacement distributors or marketing agents in the relevant countries, our business, financial condition and results of operations may be materially and adversely affected.

Further, we cannot assure you that our overseas distributors or marketing agents have complied with all relevant laws and regulations that may potentially affect their business operations. We also cannot assure you that they have or will have sufficient resources to deal with unexpected changes in the regulatory, economic or business environment or other factors beyond their control. If any of our overseas distributors fails to comply with such other legal or regulatory requirements, or to respond to such changes, our business, financial condition and results of operation may be adversely affected.

Our Group may not be able to strictly enforce the non-competition undertaking provided by our overseas distributors or our customers for the CS Contracts

It is the intention of our Group, our overseas distributors and our Consultancy Services customers to abide by the terms of the restrictive covenants set out in the respective distributorship agreements and the CS Contracts. However, if the restrictive covenants are to be enforced, there are many factors that would determine whether the same can be effectively and strictly enforced under applicable laws, including but not limited to the status of the parties, whether our Consultancy Services customers and the overseas distributors are still subsisting and not subject to winding up or liquidation, their financial standing to honour such undertakings, cross border enforcement of judgments, whether enforcement of such obligations conflict with applicable laws and public policy of the jurisdiction of incorporation of the counter-party and many other factors.

Our Consultancy Services provided to our customers were project-based and demand for our Consultancy Services may fluctuate

We provide project-based Consultancy Services to our customers and such services were not provided regularly during the Track Record Period. We entered into four, two and one CS contract(s) for each of the two financial years ended 31 March 2014 and for the six months ended 30 September 2014 respectively. The revenue generated from our Consultancy Services amounted to approximately HK$35.0 million, HK$27.9 million and HK$10.5 million for each of the two financial years ended 31 March 2014 and for the six months ended 30 September 2014 respectively.

We cannot guarantee that our customers will continue to engage us for our Consultancy Services in the future. In particular, we cannot assure that we will be able to maintain or improve our relationships with all of our customers and any of them may terminate their respective relationships with us. Further, as the demand for our Consultancy Services may fluctuate, we may not be able to assign sufficient manpower or other resources for the provision of our Consultancy Services and, as such, we may not be able to undertake the relevant project or fulfil the contractual obligations on time. As a result, our business operation and profitability may be materially and adverse affected.

Our customers may not renew their respective EMCs when the respective contracts expire

Our leasing services generated revenue of HK$8.7 million, HK$10.0 million and HK$4.2 million, representing 12.2%, 12.5% and 11.0% of our total revenue for each of the two years ended 31 March 2014 and the six months ended 30 September 2014. During the Track Record Period, we have a total of 204 EMCs, out of which 57 contracts were renewal of existing contracts. We cannot assure you that our customers will renew their EMCs, or renew their contracts at similar or more favourable terms to our Group. If we fail to secure the renewal of such contracts, our financial conditions and profitability may be materially and adversely affected.

Pursuant to our standard EMC, we are required to reinstate the lighting products for our leasing services when the respective contract expires. Our Group will then incur extra costs on the un-installation of lighting products when the EMCs expire and are not being renewed. The un-installation cost mainly includes labour costs charged by our sub-contractors. During the Track Record Period, our Group had not made any provision for the reinstatement of the lighting products. Reinstatement cost are the costs incurred subsequently to act as replacement for part of the lighting systems. Our Directors considered that all reinstatement of lighting products are used in connection with the original lighting products for future economic benefits associated with the item will flow to the entity, accordingly accounted as additions to property, plant and equipment when incurred. During the Track Record Period, 40 of our EMCs were terminated. During the Track Record Period, the aggregate amount of un-installation cost incurred by us was approximately HK$37,000.

The termination of, disruption to, or any adverse change to, our arrangements with our suppliers, consultant or sub-contractors may have a material adverse effect on our business, results of operations and financial condition

We primarily rely on (i) arrangements with our OEMs to manufacture our "Tube-in-Tube" Fluorescent Lamps and our high bay lamps; and (ii) our deployment sub-contractors for fitting and installing our lighting products to our customers. Further, apart from SLL's own personnel for research and development and quality control, we have engaged Fine Sky, one of our Shareholders who owned approximately 4.0% of our Company immediately after the Reorganisation but prior to the completion of the [**REDACTED**], to provide us with research and development of our "Tube-in-Tube" Fluorescent Lamps and quality control over such products (such arrangements are governed by a consultancy contract for a term up to 30 September 2017).

The termination of, disruption to, or any other adverse change to, our relationships with the OEMs, Fine Sky or our deployment sub-contractors with which we have agreements or arrangements could significantly affect our leasing services and trading of lighting products business, including but not limited to increase in costs, delay in deployment or delivery of our products, change of quality of products or other circumstances which may be outside the control of our Group. As a result, any of these could have a material adverse effect on our business, results of operations and financial condition.

We rely on our sub-contractors for providing services of deployment and installation of lighting products to our customers

We outsource the deployment and installation work of our lighting products and ancillary construction works for our customers in Hong Kong to independent deployment sub-contractors. We also require our sub-contractors to implement relevant safety and environmental protection measures in the course of project execution.

Yet qualified sub-contractors may not always be readily available. We may face difficulty in completing our projects if we are unable to engage qualified and sufficient sub-contractors to carry out the installations with tight timeframe. If for any reason we have to pay our sub-contractor at a price higher than our initial estimation for a fixed-price contract, we may suffer losses as a result. Further, for each of the two years ended 31 March 2014 and the six months ended 30 September 2014, our installation costs amounted to approximately HK$1.0 million, HK$0.3 million and HK$0.1 million respectively. A substantial increase of their charges and fees may affect our costs and profitability.

If we fail to closely monitor the progress or quality of their work, our reputation and operation may be adversely affected. We may also be exposed to litigation and damage claims. If our sub-contractor is unable to fulfil the terms of the contract, we may need to engage another sub-contractor at a higher price and on a delayed basis, which may affect our profit margin. In addition, as we have limited control or influence on the resources allocation of the subcontractors, we may not be flexible in determining the deployment schedule with our customers.

If our sub-contractors violate any rules, regulations or laws or their actions or omissions cause property damage or personal injuries, we may be exposed to prosecution by the relevant authorities and liable to claims with regard to personal injury and damage to properties. We cannot assure you that there will not be any violation of rules, regulations or laws by our sub-contractors or that our sub-contractors will not cause any property damage or personal injuries. The occurrence of such incidents will adversely affect our business, financial condition and results of operations.

We rely on our key management to conduct our Group's business and the inability to retain or attract senior management personnel will adversely affect our performance

Our senior management team, particularly Mr. Mansfield Wong, our Chairman, Chief Executive Officer and an executive Director and Mr. Arthur Lam, an executive Director joined our Group since 2009. They are responsible for the day-to-day operations and the strategic development of our Group. Their continuous service is important in the future growth and success of our business. While each of them [have entered] into a service contract for up to three years commencing from the [**REDACTED**], there is no assurance that we will be able to replace, retain, attract, and hire other qualified managerial personnel in the future. Should any of our senior management team and key personnel cease to serve our Group, there may be a disruption to our business which may adversely affect our performance.

There is no assurance that our future plans will be successfully implemented

Our business strategies include (i) continue to expand our energy saving solutions business in Hong Kong; (ii) continue to expand in the PRC markets through offering our Consultancy Services or entering into strategic partnerships; (iii) further expand in international markets through customisation of our lighting products and appointment of distributors; (iv) enhance our research and development capabilities; and (v) engage in marketing activities to enhance our brand image and recognition.

However, there are significant risks involved in our expansion plan, including whether we will be able to: (a) appoint new distributors or renew our distributorship agreements with favourable commercial terms; (b) hire, train and retain sufficient qualified staff; (c) efficiently operate and control our distributors network as we rapidly increase the number of distributors; (d) generate sufficient revenue to cover our indebtedness, costs or contingent liabilities associated with our expansion; (e) re-evaluate and revise our expansion plans as needed; and (f) research and develop customised products suitable to the new markets. Further, our research and development activities may not generate satisfactory results or products which can cater for our customers' needs.

Even if we can appoint suitable distributors for expansion into the overseas markets, our business operations may also be adversely affected if our distributors fail to perform their obligations under the distribution agreements. Please refer to details of the relevant risk related to the situation where our distributors fail to perform their obligations under the distribution agreements in this section of this [**REDACTED**].

Implementing our expansion plan may expose us to certain risks

We are selling our lighting products to various overseas distributors in overseas markets. We expect that a significant portion of our revenue and profits will continue to be derived from the overseas market for the foreseeable future and we intend to selectively penetrate a number of foreign markets and strategically develop our overseas operations. As a result, we are exposed to various risks associated with our business expansion in foreign countries and territories that include, but are not limited to:

– political risks, including risks due to civil unrest, acts of terrorism, acts of war, global or regional political and military tensions, and strained or altered foreign relations, expropriation or nationalisation of our assets in foreign countries; sanctions imposed by certain countries against transactions with other countries in which we conduct business which may limit our ability to enter into certain overseas markets;

– economic, financial and market instability and credit risks, including, for example, those relating to the potential deterioration of the credit markets and other economic conditions in those foreign countries and territories;

– GDP and consumer spending pattern in the relevant overseas market, which in turn can be affected by factors such as changes in economic and financial conditions, social and political stability and other factors which are beyond our control;

– changes in foreign government regulations or policies, including but not limited to, the possible enactment of strict environmental protection laws, withdrawal of government subsidies, tax privileges or other favourable government policies for energy saving industry and imposition of restrictions on the provision of energy saving services;

– lack of a well-developed or independent legal system in foreign countries, which may create difficulties for us to enforce our contractual rights; or

– dependence on foreign governments or entities controlled by such foreign governments for electricity, water, transportation and other utility or infrastructural needs; possible unfavourable labour conditions or employee strikes, or potential disputes with foreign partners, customers, sub-contractors, suppliers or local residents or communities; or the existence of anti-Chinese sentiment and related events, demonstrations or policies such as implementation of protectionism against Chinese owned companies.

In particular, a substantial number of end-users of our lighting products or our energy saving solutions are consumers from the PRC. The PRC's economy differs from the economies of most developed countries in many respects, including but not limited to government involvement, rate of inflation and taxation. The PRC government plays a significant role in regulating economic development, and there can be no assurance that the PRC government will pursue economic reform.

Any of the above factors could lead to project disruptions and losses of personnel and assets, among others, which could materially and adversely affect our overseas expansion, overall financial condition and profitability.

We do not have control on our associate companies, SCM (BVI) and its subsidiaries, and their future business operation may affect our business and increase our financial burdens

We do not have control over our associate companies, SCM (BVI), which is owned by us as to approximately 27.2% only, and its wholly-owned subsidiaries. If their future business operation and expansion requires additional funding from its shareholders, it may increase our financial burdens or we may face dilution in our shareholdings. For each of the two years ended 31 March 2014 and the six months ended 30 September 2014, SCM (BVI) was operating at a loss. There is no assurance that SCM (BVI) will turn profitable in the future, which would then affect our net profit and increase our financial burdens.

Also, we have business relationships with SCM (HK), one of our associate companies, by way of cross-promotion of our respective products to our respective existing customers and we also provide certain administration and management services to them. If their business operation expands in a rate significantly greater than our resources and capacities could handle, it may affect our business operations and increase our financial burdens.

We may face possible claims over our products which may be defective

Our lighting products may contain latent defects or flaws. Any flaws or defects discovered in our lighting products after delivery could result in loss of revenue or delay in revenue recognition, damage to our reputation and our relationship with customers, loss of customers and increased service and warranty cost, any of which could adversely affect our business, operating results and financial condition. If our lighting products fail to perform as expected, or prove to be defective, we may be subject to claims for compensation and may incur significant legal costs regardless of the outcome of any claim of alleged defect.

Although our OEMs and suppliers provide product warranties for products they produced for our Group, we may not be able to seek sufficient compensation at all from our OEMs and suppliers for various reasons.

Our products have risks of environmental contamination

Some of our lighting products contain small amount of mercury, which is a poisonous substance and harmful to the environment if released accidentally. Although we have adopted a systematic waste disposal procedure, there may be circumstances where the poisonous substances are released from our broken products accidentally to the environment. In such circumstances, we may be in breach of the Waste Disposal Ordinance or other applicable laws and regulations and our Group may face possible claims in relation to environmental contamination, which may have a material and adverse impact on our brand, reputation, business operation and financial conditions.

Changes in consumer preferences and habits in green technologies

The continued growth and success of our Group depends on the popularity of our Group's products and our Group's ability to continue to satisfy customers in terms of their preferences and habits. Our Group must be able to react effectively to any changes in their preferences and habits by modifying our existing energy saving solutions and our lighting products and/or developing new energy saving solutions or new lighting products. In addition, our Group may need to acquire new technologies or develop new procedures to improve and enhance our product quality to satisfy the preferences and habits of customers.

Our Group may not be able to anticipate and react quickly and effectively to changes in the preferences, habits and requirements of customers. If we are unable to modify our existing energy saving solutions, develop new lighting products, acquire new technologies or develop new procedures to or improve and enhance our product quality to cater to such changes, there may be a decrease in demand for our energy saving solutions and/or our lighting products. Any sustained decrease in demand would have a material and adverse impact on our business.

Our insurance coverage may be inadequate to protect us from certain types of losses

We may become subject to liabilities against which we have not insured adequately or at all or liabilities which cannot be insured against. Should any significant property damage or personal injury occur to our facilities or employees due to accidents, natural disasters, or similar events, our business may be adversely impacted, potentially leading to a loss of assets, lawsuits, employee compensation obligations, or other forms of economic loss. We do not have certain types of insurance such as environmental damage or product liability insurance. Our insurance policies also may not continue to be available at economically acceptable premiums, or certain types of insurance may not be obtained at a reasonable cost, or at all. For example, insurance covering losses from acts of war, terrorism, or natural catastrophes is either unavailable or cost prohibitive. Any losses that we may incur for which it is uninsured may adversely affect our business, financial condition and results of operations and there is no assurance that our insurance coverage would be sufficient to cover all our potential loss.

We may face liability claims arising from any defective products in the future. We have not maintained any insurance coverage against product liability and any product liability claim brought against us may have an adverse effect on our business reputation or operation.

We may be subject to tax penalty

One of our subsidiaries, SLL, had not fully complied with the IRO with respect to filing of Return for Profits Tax for the year of assessment 2009/10 and failure to notify the IRD the chargeability of tax for SLL for the year of assessment 2010/2011. The maximum amount of tax penalty for late filing and failure to notify chargeability to tax that could be imposed by the IRD is approximately HK$6.6 million (representing approximately 28.4% of the profit for the Group for the year ended 31 March 2014) with reference to the 2010/2011 tax assessment. Details of our non-compliance of IRO are set out in the paragraph headed "Regulatory Compliance" of the section headed "Business" in this [**REDACTED**].

Mr. Mansfield Wong, Mr. Arthur Lam and Abundance have agreed to jointly and severally indemnify and keep our Group indemnified against any liability of any or all members of our Group to any form of taxation and duty whenever created or imposed, whether of Hong Kong, the PRC or of any other part of the world, and all costs, interest, fines, penalties, charges, liabilities and expenses incidental or relating to any of the aforesaid liability.

If we are required to pay the said tax penalty, our financial conditions and results of operations may be adversely affected.

We cannot assure you that we will pay dividends in the future

Our directors may declare dividends after taking into account, among other things, 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. For further details of our dividend policy, please refer to the section headed "Financial information – Dividend and dividend policy" in this [**REDACTED**]. 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.

We face risks associated with our cooperative relationship with business partners

In the course of our business, we have in the past formed, and will in the future continue to form, cooperative relationships with other parties. Our business partners may have economic or business interests or goals that are inconsistent with ours or be unable or unwilling to fulfil their obligations under the relevant cooperative arrangements. A dispute with our business partners may cause the loss of business opportunities, disruption to or termination of the relevant project or business venture or lead to potential litigation. As a result, our business, results of operations and financial condition may be materially and adversely affected.

RISKS RELATING TO THE INDUSTRY

Our business is affected by fluctuations in electricity tariff

We are an integrated energy saving solutions provider, providing 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. Our profitability may be correlated to changes in electricity tariff charged to our customers in terms of electricity expenses. Change in electricity tariff is affected by numerous factors. An increase in electricity tariff may lead to increase in demand of our energy saving solutions, our Consultancy Services and/or our energy saving lighting products. Conversely, decrease in electricity tariff may lead to decrease in demand of our energy saving solutions, our Consultancy Services and/or our energy saving lighting products.

Our business is affected by changes in the economic, legal, political and social conditions in Hong Kong and other jurisdiction we conduct our business

Our assets, business and operations are primarily based in Hong Kong and our Group has derived majority of our revenue in Hong Kong during the Track Record Period. Accordingly, our business, financial condition, results of operations and prospects are affected by government policies, as well as economic, social, political and legal developments in Hong Kong. As an open economy, Hong Kong's domestic economy is also affected by many other unpredictable factors such as economic, social, legal and political development in the PRC, fluctuations in global interest rates, and changes in local and international economic and political situations. There is no assurance that any changes of the existing government policies, economic, social, political conditions and the business environment in Hong Kong, the PRC and other overseas markets where we provide Consultancy Services or sell our lighting products to in the future will have a positive effect on our business operations.

Our Group's business is subject to existing laws and regulations and changes in laws and regulations may reduce our profitability

To our best knowledge, information and belief, apart from those ordinances and regulations which are generally applicable to the general conduct of business activities or sale of goods and services in Hong Kong, our Group's business are subject to the following ordinances and regulations:

(i) Electricity Ordinance and Electrical Products (Safety) Regulation;

(ii) Waste Disposal Ordinance and Waste Disposal Regulation;

(iii) Patents Ordinance (Chapter 514 of the Laws of Hong Kong);

(iv) Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong); and

(v) Various standard regulations and safety requirements published by the International Electrotechnical Commission and administered by the Electrical and Mechanical Services Department of the Government of Hong Kong.

Our Group is responsible for the proper disposal of and waste management of the used lighting products from our customers which contain small amount of poisonous mercury in accordance with the Waste Disposal (Chemical Waste) General Regulation (Chapter 354C of the Laws of Hong Kong) as we have been registered as a chemical waste producer under the said regulation.

Failure to comply with relevant laws, rules and regulations in Hong Kong which apply to the activities we conduct in Hong Kong or any new laws, rules and regulations may be passed in future that regulate the aforesaid activities we conduct in Hong Kong which we may be subject to could result in fines, restrictions on our business operations. There may also be uncertainty regarding the interpretation and application of newly promulgated and enforced laws and regulations. In addition, applicable laws and regulation may change from time to time. Some of these changes may result in additional costs or restrictions on our activities. Future legislative or regulatory changes, including deregulation, could have a material adverse effect on our business, results of operations and financial condition.

Counterfeit products may adversely affect our image, business and profitability

Counterfeiting of our products might be found although we believe that the unique features of our products had prevented any large scale counterfeiting of our products during the Track Record Period. We would actively take legal actions and proceedings against such counterfeiting activities and protect the intellectual property rights over the unique features of our products. Although we have not experienced any counterfeiting of our products during the Track Record Period which would materially and detrimentally affect our business operation, such actions may have different degrees of success or not at all. Should counterfeiting of our products be a continuing phenomenon, our image, business and profitability will be adversely affected.

Any failure by us to respond to the competitive environment in the energy saving industry in a timely manner may adversely affect our business, operating results and financial condition

Our financial performance is dependent upon the continued growth of consumer demand for energy saving products and energy saving management services. There can be no assurance that growth of the industry will continue at current rates or at all. The energy saving industry is relatively new and has not been well defined and as a result we may face potential competitors which traditionally may not be directly related to our energy saving lighting products markets due to continuous change in technological advancement, evolving industry standards and changing customer needs.

Competitors may introduce new products or product enhancements in advance of us that may render our existing products less competitive or even totally out-dated. Any failure by us to take timely measures to respond to competing products, technological developments and changing industry standards could adversely affect our business, operating results and financial condition.

Global or regional economic conditions could adversely affect our industry

External factors such as financial crisis, economic recessions or political and social turmoil in those parts of the world where we have business relations could adversely affect our business, operating results, financial conditions, and prospects in ways which we cannot predict. The demand for our energy saving service and our lighting products may decrease if the level of consumption in the markets where our lighting products are sold is affected by such changing market conditions and hence our business, operating results and financial conditions may be adversely affected.

RISKS RELATING TO THE SHARES AND THE [REDACTED]

There has been no prior public market for our Shares, and the liquidity, market price and trading volume of our Shares may be volatile

Prior to the [**REDACTED**], no public market for our Shares existed. We cannot assure you that a liquid public market for our Shares will develop or be sustained after the [**REDACTED**]. In addition, the [**REDACTED**] of our Shares is expected to be fixed by agreement between the Lead Manager (for itself and on behalf of the [**REDACTED**]) and us and may not be indicative of the market price of our Shares following the completion of the [**REDACTED**]. If an active public market for our Shares does not develop after the [**REDACTED**], the market price and liquidity of our Shares may be materially and adversely affected.

Investors may experience difficulties in enforcing their shareholder rights as our Company is incorporated in the Cayman Islands, and Cayman Islands laws for protection of minority shareholders may be different from those under the laws of Hong Kong and other jurisdictions

Our corporate affairs are governed by, amongst other things, the Memorandum and Articles of Association, the Companies Law and common law of the Cayman Islands. The law of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in Hong Kong and other jurisdictions. The remedies available to the minority Shareholders may be different compared to the laws of Hong Kong or other jurisdictions. For example, the Companies Law does not contain an express provision which is equivalent to sections 722 to 726 of the Companies Ordinance which provides a remedy for shareholders who have been unfairly prejudiced by the conduct of the company's affairs. For further details, please see "Summary of the Constitution of our Company and Cayman Islands company law" in Appendix III to this [**REDACTED**].

Investors will experience dilution in the pro forma net tangible book value per Share because the [REDACTED] is higher than our net tangible book value per Share

As the [**REDACTED**] is higher than the net tangible book value per Share of our Shares immediately prior to the [**REDACTED**], purchasers of our Shares in the [**REDACTED**] will experience an immediate dilution in pro forma consolidated net tangible book value of HK$[**REDACTED**] per Share (assuming a [**REDACTED**] of HK$[**REDACTED**] per Share) or HK$[**REDACTED**] per Share (assuming a [**REDACTED**] of HK$[**REDACTED**] per Share). If we issue additional Shares in the future, purchasers of our Shares in the [**REDACTED**] may experience further dilution in their ownership percentage.

Investors may experience dilution if [REDACTED]

We may need to [**REDACTED**] in the future to finance expansion of or new developments relating to our existing operations or new acquisitions. If [**REDACTED**] other than on a pro-rata basis to the existing Shareholders, the percentage ownership of such Shareholders in our Company may be reduced or such new securities may confer rights and privileges that take priority over those conferred by the [**REDACTED**].

The [REDACTED] of our Shares following the [REDACTED] may be volatile

The [**REDACTED**] of our Shares may be highly volatile. Factors such as variations in our revenue, earnings and cash flow, changes in our pricing policy as a result of the presence of competitors, announcements of new products, strategic alliances or acquisitions, industrial or environmental accidents, changes in our senior management personnel, litigation regarding our products could cause large and sudden changes in [**REDACTED**].

Risk relating to the financial results of our Group for the year ending 31 March 2015 due to the non-recurring expenses

Due to the non-recurring expenses in connection with our [**REDACTED**], there would be a negative impact on the financial results for the year ending 31 March 2015. Based on the [**REDACTED**] of HK$[**REDACTED**] per Share (being the mid-point of our indicative [**REDACTED**] range), the estimated expenses for our [**REDACTED**] is approximately HK$[**REDACTED**] million, of which approximately HK$[**REDACTED**] million will be charged to our profit and loss account, and approximately HK$[**REDACTED**] million will be charged to share premium account of our Group for the year ending 31 March 2015. As such, profit for the year ending 31 March 2015 will be reduced by the [**REDACTED**] of approximately HK$[**REDACTED**] million. Most of the expenses had not been incurred during the Track Record Period and will be recognised on [**REDACTED**]. Our Directors would like to emphasise that such [**REDACTED**] is a current estimate for reference only and the final amount to be recognised to the profit and loss account of our Group for the year ending 31 March 2015 is subject to adjustments based on audit and the then changes in variables and assumptions.

Prospective investors should read the entire [REDACTED] carefully and are strongly cautioned against placing any reliance on the information in any press articles or other media coverage which contains information not being disclosed or which is inconsistent with the information included in the [REDACTED]

You should read the entire [**REDACTED**] and we strongly caution you not to place any reliance on any information contained in press articles, other media and/or research analyst reports regarding us, our business, our industry and the [**REDACTED**]. There may have been, prior to the publication of this [**REDACTED**], and there may be, subsequent to the date of this [**REDACTED**] but prior to the completion of the [**REDACTED**], press and media coverage regarding us and the [**REDACTED**]. You should rely solely upon the information contained in this [**REDACTED**] and any formal announcements made by us in Hong Kong in making your investment decision regarding the [**REDACTED**]. We do not accept any responsibility for the accuracy or completeness of any information reported by the press, other media and/or research analyst reports, nor the fairness or appropriateness of the aforesaid materials regarding us, our business, our industry and the [**REDACTED**]. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. We disclaim any potential liabilities arising out of any inconsistency between such information or publication and the information contained in this [**REDACTED**]. Accordingly, prospective investors should not rely on any such information, reports or publications in making their decisions as to whether they should invest in the [**REDACTED**].

RISKS RELATING TO STATEMENTS IN THE [REDACTED]

There are risks associated with forward-looking statements

This [**REDACTED**] contains certain forward-looking statements and information relating to our Group that are based on the beliefs of our Group's management as well as assumptions made by and information currently available to our management. When used in this [**REDACTED**], the words "anticipate", "believe", "consider", "could", "expect", "going forward", "intend", "may", "should", "plan", "seek", "will", "would", and similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our Group's management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the other risk factors described in this [**REDACTED**]. The risks and uncertainties which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

– business prospects of our Group;

– future debt levels and capital needs of our Group;

– strategies, plans, objectives and goals of our Group;

– general economic conditions;

– changes in regulatory and operating conditions of the markets in which our Group operate;

– our Group's ability to reduce costs;

– capital market developments;

– the actions and developments of our Group's competitors;

– certain statements in the section headed "Financial information" in this [**REDACTED**] with respect to trends in prices, volumes, operations, overall market trends, risk management and exchange rates; and

– other statements in this [**REDACTED**] which are not historical facts.

Investors should note that one or more of these risks or uncertainties may materialise, or one or more of the underlying assumptions may prove incorrect.

Certain industry statistics contained in this [REDACTED] are derived from various publicly available government or official sources and may not be accurate or reliable

This [**REDACTED**] contains information and statistics, including but not limited to information and statistics relating to the provision of energy saving industry. Whilst our Directors and the Sponsor have taken reasonable care in reproducing such information in this [**REDACTED**], none of the information or statistics derived from the official government publications has been independently verified by our Group or any of our Group's affiliates or advisers, or by the Sponsor, Lead Manager, the [**REDACTED**], any other party involved in the [**REDACTED**], or their respective affiliates or advisers and no representation is given as to its accuracy. Our Company cannot ensure the accuracy of such information and statistics and such information and statistics may not be consistent with other information publicly available or available from other sources. However, we have no reason to believe that such information and data is false or misleading or that any material fact has been omitted that would render such information and data false or misleading. Prospective investors should not place undue reliance on any of such information and statistics contained in this [**REDACTED**].