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## SUMMARY

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*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 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, or we provide an entire spectrum of services, as in the provision of our leasing 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) Trading of lighting products**

We provide our energy saving solutions by selling our lighting products, including our "Tube-in-Tube" Fluorescent Lamps, LEDs and induction lamps to our customers together with provision of various support arrangements 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 induction lamps to our overseas customers.

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### (ii) Consultancy Services

We 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 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. Set out in the flow chart under the section headed "Business – Business model" in this [REDACTED] is an illustration of the various stages of our work in our provision of Consultancy Services, and our roles involved and assistance provided to our Consultancy Services customers in their provision of energy saving solutions to their end customers.

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.

While our Group generally takes four to five weeks' time to complete the CS Contracts, our Consultancy Services customers generally take around seven to nine months from securing the end customers to commencement of billings or for completion of the sale and purchase of the lighting products. To avoid potential competition with our Consultancy Services customers, the targeted markets of our Consultancy Services should not be where our Group has presence or plan to expand or where we already have exclusive distributors. Further, our customers are required to agree and undertake under the terms of the CS Contracts that during a period of five years upon signing of the CS Contracts, they shall not, without engaging us as their consultant or business partner, enter into, or offer similar consultancy services that may compete with our Group.

During the Track Record Period, our Consultancy Services were project-based and were not provided regularly. However, our Directors are optimistic and believe that our Consultancy Services customers would continue to enter into further CS Contracts with us in the future for the following reasons: (1) we believe that our Consultancy Services customers have confidence in our Group's track records and credential gained mainly in Hong Kong; (2) our Group's expertise and know-how in the provision of energy saving solutions enables our Consultancy Services customers to rely on our existing resources and capabilities in assisting them in the provision of energy saving lighting solutions to their own customers; (3) our Consultancy Services customers have agreed to the non-competition covenants as contained in the CS Contracts; and (4) our Consultancy Services customers are not able to source our Synergy-branded lighting products, including our "Tube-in-Tube" Fluorescent Lamps, without our authorisation.

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Our customers for Consultancy Services and their end customers may not have experience in energy saving lighting business, but the customers for Consultancy Services should have general knowledge as to the energy saving lighting business of its targeted markets. Our Consultancy Services assist and facilitate our Consultancy Services customers to enter into the energy saving business, by way of provision of leasing services by them in their targeted markets.

As advised by our Consultancy Services customers, their businesses generate revenue through sharing an agreed proportion of the saved electricity fee with their respective end customers in the PRC. In return for our services rendered, we will charge our Consultancy Services fees with reference to our estimation on the revenue that our customers may generate from their provision of energy saving solutions to their end customers as recommended by our reports which are prepared with consideration of the prevailing electricity charge rate in the PRC and the number of lighting products to be used. Other than our Consultancy Services fees, we do not share any portion of the revenue to be generated by our Consultancy Services customers from their end customers.

Our Consultancy Services to our customers were not provided regularly during the Track Record Period and the demand for our Consultancy Services may fluctuate. Further, our CS contracts during the Track Record Period had a relatively long credit period ranging from 150 days to 180 days. In view that the revenue generated from our Consultancy Services represented approximately 49.4%, 34.8% and 27.8% of our total revenue for each of the two financial years ended 31 March 2014 and for the six months ended 30 September 2014, respectively, our cashflow and financial position may be materially and adversely affected in the event that our Consultancy Services customers are unable to settle their trade receivables with our Group in a timely manner. Further details of the risks associated with our Consultancy Services business are set out in the section headed "Risk factors" of this [REDACTED].

### **(iii) Leasing services**

We provide our energy saving solutions by leasing our lighting products to our customers. As illustrated in the first table under the section headed "Business – Business model" in this [REDACTED], 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 EMCs 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 EMCs with our customers. During the term of the EMC, we charge a pre-determined 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 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.

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The lighting products being offered to our customers under our leasing services include our "Tube-in-Tube" Fluorescent Lamps and/or other lighting products, which include LEDs and 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.

The table below sets forth the movements of the number, the total and average contract value and the total and average cost savings of our EMCs during the Track Record Period:

	Year ended 31 March		Six months ended 30 September
	2013	2014	2014
Contracts on hand at the beginning of year/period	107	113	109
Contracts signed			
– new contracts	19	14	5
– contracts renewed upon termination/expiry <sup>(Note 1)</sup>	25	25	11
Contracts terminated/expired during the year/period <sup>(Note 1)</sup>	(38)	(43)	(21)
Contracts on hand at the end of year/period	113	109	104
Renewal rate (for contracts renewed during the year/period only) <sup>(Note 2)</sup>	65.8%	58.1%	52.4%
	As at 31 March		As at 30 September
	2013	2014	2014
	HK\$'000	HK\$'000	HK\$'000
Total contract value of contracts on hand <sup>(Note 3)</sup>	30,552	28,993	26,264
Average contract value of contracts on hand <sup>(Note 4)</sup>	270	266	253
Total cost savings under contracts on hand <sup>(Note 5)</sup>	50,573	50,829	47,662
Average cost savings under contracts on hand <sup>(Note 6)</sup>	448	466	458

Notes:

- Renewals of our EMCs only take place upon or after termination or expiry of the relevant contracts. To the best knowledge of our Directors, during the Track Record Period, our customers did not enter into new EMCs with us after their contracts terminated/expired, primarily due to (i) relocation of their offices; (ii) termination of their businesses; or (iii) their own commercial considerations, which may include, among other matters, their internal allocation of capital. For contracts terminated due to relocation of offices, our customers may not be able to enter into new contracts with us because our lighting products may not be applicable to their new offices and/or past electricity consumption comparable is not available for their new offices.
- Renewal rate equals to the number of renewed contracts during the year/period divided by the total number of contracts terminated/expired during the year/period.
- The total contract value of contracts on hand refers to the total amount of the service fees received or to be received by us pursuant to our EMCs on hand at the end of the relevant year or period.
- The average contract value of contracts on hand refers to the total contract value of our EMCs divided by the number of our EMCs on hand at the end of the relevant year or period.
- Total cost savings under contracts on hand refers to the total amount of savings by our customers in terms of energy consumption costs (i.e. electricity charges) as stated on our EMCs on hand at the end of the relevant year or period.
- The average cost savings under contracts on hand refers to the total cost savings under our EMCs divided by the number of our EMCs on hand at the end of the relevant year or period.

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The table below sets forth the number of newly deployed lighting products for our leasing services during the Track Record Period:

	Year ended 31 March				Six months ended 30 September	
	2013		2014		2014	
	Number of pieces newly deployed	%	Number of pieces newly deployed	%	Number of pieces newly deployed	%
"Tube-in-Tube" Fluorescent Lamps	9,937	50.6	5,016	54.0	992	59.6
LEDs	9,005	45.8	4,250	45.8	673	40.4
Induction lamps	708	3.6	15	0.2	–	–
	<u>19,650</u>	<u>100.0</u>	<u>9,281</u>	<u>100.0</u>	<u>1,665</u>	<u>100.0</u>

The table below sets forth the aggregate number of lighting products utilised under our EMCs on hand as at 31 March 2013, 31 March 2014 and 30 September 2014:

	As at 31 March				As at 30 September	
	2013		2014		2014	
	Number of pieces utilised	%	Number of pieces utilised	%	Number of pieces utilised	%
"Tube-in-Tube" Fluorescent Lamps	108,596	86.4	98,560	85.0	88,018	83.0
LEDs	15,484	12.3	15,818	13.6	16,491	15.5
Induction lamps	1,614	1.3	1,629	1.4	1,629	1.5
	<u>125,694</u>	<u>100.0</u>	<u>116,007</u>	<u>100.0</u>	<u>106,138</u>	<u>100.0</u>

During the Track Record Period, the number of lighting products newly deployed for our leasing business decreased from 19,650 for the year ended 31 March 2013 to 9,281 for the year ended 31 March 2014 and to 1,665 for the six months ended 30 September 2014. The decrease was primarily because (i) save for replacement lighting products delivered to our customers upon their return of the damaged or spent lighting products, renewed contracts did not generally require re-deployment of lighting products; (ii) there was a decrease in the number of our new EMCs during the Track Record Period; and (iii) the average number of newly deployed lighting products in our new EMCs recorded a decrease during the Track Record Period.

Our Directors consider that such decrease in the number of lighting products newly deployed was not an indication of the limited growth potential of our leasing business, but only a result of the shifting of our focus to the development of our overseas market during the Track Record Period. As a result of such shift of our business focus, the aggregate number of lighting products utilised under our EMCs on hand slightly decreased by approximately 7.7% from 125,694 as at 31 March 2013 to 116,007 as at 31 March 2014 and further decreased by approximately 8.5% to 106,138 as at 30 September 2014.

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### 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. Enhance our research and development capabilities.

### Our major customers

Our major customers can be classified into the following groups:

- (a) our two Consultancy Services customers and with whom we enter into CS Contracts for our Consultancy Services;
- (b) 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; and
- (c) our 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.

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. Among them, 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 nil 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 approximately 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 Japan 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.

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Our trade receivable turnover days were approximately 200 days, 260 days and 312 days for each of the two years ended 31 March 2014 and the six months ended 30 September 2014 respectively and our trade receivables amounted to approximately HK\$44.1 million, HK\$69.9 million and HK\$59.0 million as at 31 March 2013, 31 March 2014 and 30 September 2014 respectively. Our relatively high level of trade receivable turnover days and relatively large balances of trade receivables during the Track Record Period were primarily due to (i) the fact that a majority of our Consultancy Services were rendered in the second half of each of the two years ended 31 March 2014 and in September 2014; (ii) the long credit period offered to our Consultancy Services customers of up to 180 days; and (iii) delayed settlements from our customers. The delayed settlements, which mainly involved those trade receivables past due over three months, were generally requests made to our Group from our customers for longer settlement periods due to their intensive capital investment for developing their respective markets and they mainly involved our trading customers and Consultancy Services customers. In particular, during the Track Record Period, we extended the settlement deadline beyond the credit periods granted to our Japan distributor and Australia distributor which were in the course of developing new customers, with a view to assisting them in establishing their customer bases for our lighting products in their respective markets. As at the Latest Practicable Date, (i) all of our trade receivables as at 31 March 2013 have been paid; (ii) all of our trade receivables as at 31 March 2014 have become due and payable, and approximately HK\$67.9 million, representing approximately 97.2% of our trade receivables as at 31 March 2014 has been paid; and (iii) all of our trade receivables as at 30 September 2014 have become due and payable, among which approximately HK\$57.0 million (representing approximately 96.6%) has been paid.

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. The new customer for our Consultancy Services is a Macau based company which is principally engaged in the provision of electrical and mechanical engineering services and energy saving consultancy services, and an Independent Third Party. It was established in Macau in 2003 with around 30-40 staff. As advised by such customer, its end customers for our Consultancy Services are mainly factories and education institutions located in the PRC, and the number of "Tube-in-Tube" Florescent Lamps involved in each relevant contract between such customer and its end customer ranged from around 10,000 to 20,000.

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 during the Track Record Period 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) the increased market awareness of our Company as a result of the referrals of our existing customers and our various marketing efforts including but not limited to the sales activities of our sales and marketing team, publication of articles regarding our Group or our participation in international trade fairs and exhibitions in the past years (including an exhibition held during the year ended 31 March 2013); and (vi) the relatively higher electricity unit rate in our distributors' local markets as compared to that of Hong Kong.

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### 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 mainly LEDs and 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.

### RECENT DEVELOPMENT

Subsequent to 30 September 2014 and up to the Latest Practicable Date, we have confirmed orders of an aggregate of approximately 222,000 "Tube-in-Tube" Fluorescent Lamps, 100,000 LEDs and 4,000 induction lamps in relation to our trading of lighting products, of which approximately 121,000 "Tube-in-Tube" Fluorescent Lamps, 100,000 LEDs and 4,000 induction lamps have been delivered as at the Latest Practicable Date. For Consultancy Services, we have two confirmed orders of an aggregate contract sum of HK\$17.3 million with each of our existing customers, including Well Spread, with expected deployment in certain sites in Zhongshan and Zhuhai, the PRC. In addition, as at the Latest Practicable Date, we have 106 EMCs on hand. Subsequent to 30 September 2014 and up to the Latest Practicable Date, we entered into four new EMCs and renewed the term of four EMCs, while two EMCs were terminated upon expiry.

In addition, the Directors confirm that our Group's trade receivable turnover days has improved from approximately 312 days for the six months ended 30 September 2014 to approximately 214 days for the ten months ended 31 January 2015.

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].

### 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].



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### 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
Gross profit	49,825	50,994	23,458	22,264
Total comprehensive income for the year/period attributable to the owners of the Company	22,062	23,538	11,079	11,832

### 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
Induction lamps <sup>Note</sup>	1,076	1.5	4,455	5.6	1,380	3.9	9,029	23.8
LEDs	1,045	1.5	4,300	5.4	623	1.7	970	2.6
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: Induction lamps include high bay lamps, flood lights and the relevant parts of such lighting products.

#### (b) Breakdown by geographical areas

	Year ended 31 March				Six months ended 30 September			
	2013		2014		2013		2014	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(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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Our revenue for the year ended 31 March 2014 increased by approximately 12.8% compared with that for the year ended 31 March 2013. Such growth was primarily attributable to the increase in revenue from our trading of lighting products (which include our "Tube-in-Tube" Fluorescent Lamps, LEDs and induction lamps) and leasing services, which were partly offset by the decrease in Consultancy Services income. Our revenue generated from trading of lighting products for the year ended 31 March 2014 increased by approximately 54.7% compared with that for the year ended 31 March 2013, mainly due to our continuing effort in developing our overseas markets through our distributors. As we sold more lighting products to our distributors in Japan, Singapore and Malaysia due to increased demand in these countries, sales to overseas markets for the year ended 31 March 2014 was significantly higher than that of the year ended 31 March 2013.

Our Group's revenue for the six months ended 30 September 2014 increased by approximately 5.7% compared with that for the six months ended 30 September 2013. Such growth was primarily attributable to the increase in revenue from our trading of lighting products, in particular, induction lamps. The revenue contribution from trading of induction lamps to our Group increased significantly from approximately 3.9% to approximately 23.8% of our Group's total revenue for the six months ended 30 September 2014 compared with that for the six months ended 30 September 2013 as we sold more induction lamps to suit the needs of our distributors, especially for the Japan and Australia market. Our revenue generated from leasing services for the six months ended 30 September 2014 decreased by approximately 12.4% compared with that for the six months ended 30 September 2013, mainly due to termination of certain EMCs upon expiry which resulted in decrease in total number of EMCs. Our Consultancy Services income remains relatively stable for both periods.

### 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	33,972	97.1	26,995	96.9	11,517	97.2	10,273	97.8
Leasing services	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

Our overall gross profit for the year ended 31 March 2014 increased by approximately 2.3% compared with that for the year ended 31 March 2013, due to an overall increase of gross profit of most of our revenue segments, among which gross profit generated from the trading of lighting products segment increased the most. Our overall gross profit for the six months ended 30 September 2014 decreased by approximately 5.1% compared with that for the six months ended 30 September 2013, mainly due to an overall decrease of gross profit in leasing services income and Consultancy Services segments with gross profit generated from the Consultancy Services segment having decreased the most. The decrease was partially offset by the increase of gross profit in trading of lighting products segment.

## SUMMARY

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.

### 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

Details of fluctuation of our financial data during the Track Record Period are set out under the section headed "Financial information" in this [REDACTED].

### SELECTED KEY FINANCIAL RATIOS

	Year ended 31 March		Six months ended 30 September	
	2013	2014	2013	2014
			(Unaudited)	
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 costs, 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 margin and net profit margin as during the Track Record Period.

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## SUMMARY

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### [REDACTED]

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

It is estimated that approximately [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] per Share (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.

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

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

### [REDACTED]

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

- approximately [REDACTED] of the [REDACTED], or approximately [REDACTED] million to be used for expansion of our Group's business in international markets;
- approximately [REDACTED] of the [REDACTED], or approximately [REDACTED] million to be used for expansion of our Group's business in the PRC;
- approximately [REDACTED] of the [REDACTED], or approximately [REDACTED] million to be used for expansion of our Group's business in Hong Kong;
- approximately [REDACTED] of the [REDACTED], or approximately [REDACTED] million to be used for the marketing activities to enhance our brand image and recognition;
- approximately [REDACTED] of the [REDACTED], or approximately [REDACTED] million to be used for enhancing our research and development capabilities; and
- the remaining amount of approximately [REDACTED], representing approximately [REDACTED] of the [REDACTED], will be used to provide funding for our working capital and other general corporate purposes.

## SUMMARY

Details of our future plans are set out in the section headed "Business objectives and future plans" in this [REDACTED].

### [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 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 completion of [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 Latest Practicable Date 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.