
SUMMARY

This summary aims to give you an overview of the information contained in this Prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read this Prospectus in its entirety before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk Factors” in this Prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a Hong Kong-based LED lighting product and service provider, specialising in providing LED lighting products and services for retail stores of world-renowned end-user luxury brands mainly in the Asia market. In 2016, in terms of revenue, we accounted for approximately 8.1% of the LED lighting solution market in Hong Kong for luxury brands. We are able to design and customise LED lighting fixtures to be installed in the interior spaces of the retail stores of end-user luxury brands to achieve high-performance lighting effects. Our understanding of lighting system engineering and technical expertise enable us to offer bespoke and integrated LED lighting solutions with respect to the facade spaces of the retail stores of end-user luxury brands. We also provide consultation services and maintenance services for LED lighting projects and sell visual-audio systems.

For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, our revenue was HK\$42.1 million, HK\$67.4 million and HK\$18.5 million, respectively, representing an increase of approximately 60.1% for the years ended 31 March 2016 to 2017 and an increase of 11.4% for the four months ended 31 July 2016 to 2017 and our gross profit was HK\$23.2 million, HK\$38.9 million and HK\$9.4 million, respectively, representing an increase of approximately 67.7% for the years ended 31 March 2016 to 2017 and a decrease of 11.3% for the four months ended 31 July 2016 to 2017.

During the Track Record Period, we provided LED lighting products or services in over 50 cities for over 15 end-user luxury brands, including the Asian retail stores of world-renowned end-user luxury brands such as Louis Vuitton, Bvlgari, Christian Dior and Fendi.

OUR SERVICES AND PRODUCTS

Our business primarily consists of sales of LED lighting fixtures, integrated LED lighting solution services as well as LED lighting system consultation and maintenance services and, to a lesser extent, sales of visual-audio systems.

Sales of LED Lighting Fixtures

We currently generally sell LED lighting fixtures with respect to the interior spaces of the retail stores. Our sales of LED lighting fixtures business primarily includes design and provision of LED lighting fixtures and after-delivery maintenance and enhancement services, in accordance with the specific demands for each individual project and leveraging the LED lighting solution know-how, technical knowledge and developed engineering expertise accumulated through our over eight years of history as a LED lighting product provider. During the Track Record Period, we outsourced the production of all LED lighting fixtures. The LED lighting fixtures with respect to the interior spaces of the retail stores are installed by the main contractors.

Integrated LED Lighting Solution Services

We currently only provide integrated LED lighting solution services with respect to the facade spaces of the retail stores of end-user luxury brands. A facade refers to the shop-front of a store. Our integrated LED lighting solution services primarily include LED lighting system design, designing and provision of LED lighting fixtures, on-site project management and after-delivery maintenance and enhancement services. We are responsible for the overall LED lighting solution project. We employ our own designers and engineers to work on the more technically sophisticated portions of the project. The installation works of our projects are generally completed by our subcontractors. We coordinate with our customers, end-user luxury brands or their architects, the main contractors, subcontractors and suppliers when we carry out integrated LED lighting solution projects.

LED Lighting System Consultation and Maintenance Services

We provide independent LED lighting system consultation services to our customers instead of providing integrated LED lighting solution services upon their request. We are able to provide services

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including concept design, project presentation, technical consultation, onsite inspection mock up, coordination meeting and handover of system. We also provide LED lighting system maintenance services for LED lighting systems we built after the warranty period expires.

Sales of Visual-audio Systems

We also sell visual-audio systems, which include audio/video conference systems, projection systems, public address systems, sound masking systems and central controlling systems. We historically generated a significant portion of our revenue from sales of visual-audio systems. Since 2005, we began to focus our business on sales of LED lighting fixtures and integrated LED lighting solution services. Although we intend to continue to sell visual-audio systems in the future upon our customers' orders, we do not expect sales of visual-audio systems to continue to be a material part of our business.

PRICING

We generally prepare our quotation based on our estimated costs to be incurred in the project plus a mark-up margin. We generally determine the mark-up by taking into account the scale, complexity and specification of the project, expected manpower required, project duration, component costs, subcontracting costs, as well as our customers' acceptable range of service price based on our past projects. Leveraging our technical expertise and service quality, we were able to negotiate a relatively stable mark-up margin during the Track Record Period.

OUR CUSTOMERS

During the Track Record Period, the majority of our customers were either world-renowned luxury brands or their main contractors. For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, sales to our five largest customers by contracting party accounted for approximately 45.4%, 44.6% and 50.2% of our revenue, respectively, sales to our largest customer by contracting party accounted for approximately 12.9%, 11.5% and 15.5% of our revenue, respectively. For details, please see the section headed "Business — Our Customers — Top Five Largest Customers". With regards to sales to our customers by end-user luxury brands, sales to our largest end-user luxury brand, Louis Vuitton, accounted for 21.8%, 50.0% and 34.7% of our revenue for the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, respectively. For details, please see the section headed "Business — Our Customers — Revenue by Major End-user Luxury Brands" in this Prospectus. The total number of our customers was 122 for each of the years ended 31 March 2016 and 2017 and 83 for the four months ended 31 July 2017. We have established strong relationships with our customers. In particular, a majority of our five largest customers had at least three years of business relationship with us during the Track Record Period.

OUR SUPPLIERS AND SUBCONTRACTORS

Our suppliers primarily include manufacturers or distributors of components, fixtures and consumables. During the Track Record Period, we outsourced the production of all LED lighting fixtures. Our subcontractors are responsible for our installation works. For the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, purchases attributable to our five largest suppliers accounted for approximately 47.4%, 65.0% and 82.1% of our direct costs, respectively and purchases attributable to our largest supplier accounted for approximately 22.9%, 22.7% and 58.6% of our total direct costs, respectively.

As at the Latest Practicable Date, we had a pool of over 20 suppliers and subcontractors located in Hong Kong, Macau, the PRC, Taiwan, Malaysia, the United States and other countries or regions. In general, we have more than one supplier or subcontractor as our candidates for the same component or subcontracting work and thus we do not rely on any particular supplier in sourcing components or any particular subcontractor for subcontracting works. This pool of suppliers and subcontractors is reviewed and updated on an ongoing basis by our management according to the quality, pricing and production schedule of the components and services provided.

We generally do not enter into long-term contracts with our suppliers and subcontractors and our orders are placed on an order-by-order basis according to our project schedule. We have established long-term relationships with our five largest suppliers for over five years on average. Over the years, we have been working closely with them and have maintained good relationships.

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SALES AND MARKETING

As at the Latest Practicable Date, our sales team consisted of five employees and was led by our CEO, Mr. Tam. Mr. Tam is generally responsible for maintaining customers' relationships and keeping abreast of market developments and potential business opportunities, while our sales team is primarily responsible for daily customer relationship maintenance. Members of our management team and sales team also meet with our end-user luxury brands and visit their headquarters to collect their feedback. We also receive referrals from the architects, designers and main contractors of end-user luxury brands from time to time. In addition, we also participate in exhibitions and trade shows worldwide as well as exhibitions organised by LVMH for their nominated suppliers.

COMPETITION

The LED lighting solutions industry is highly fragmented and competitive in Hong Kong, Asia Pacific and the globe. Retail brands typically evaluate LED lighting product and service providers on the basis of product quality, relevant experience, technical expertise, new product renovation, price and excellence of customer services. For details, please see the section headed "Industry Overview" and "Business — Competition" in this Prospectus.

COMPETITIVE STRENGTHS AND BUSINESS STRATEGIES

We believe that our success and our ability to capitalise on future growth opportunities are attributable to our following strengths: (i) bespoke and professional LED lighting solutions for end-user luxury brands; (ii) long-term and well-established working relationships with world-renowned end-user luxury fashion brands; (iii) strong cooperative relationships with our suppliers and subcontractors; (iv) established reputation and proven track record; (v) innovative and customised LED solution provider; and (vi) experienced and dedicated management team. We aim to strengthen our market position in the LED lighting industry in Asia by pursuing the following strategies: (i) enhance our relationships with our existing customers and end-user luxury brands; (ii) solidify our market position in Asia by exploring opportunities for fast-fashion retail chains; (iii) strengthen our research and development capabilities and engineering expertise; (iv) continue to maintain high standards of project management and cost control; and (v) pursue suitable acquisition opportunities.

RISK FACTORS

There are certain risks involved in our operations. For details, please see the section headed "Risk Factors" in this Prospectus. Our major risk factors include, among others: (i) our key businesses are project-based and we may be unable to compete effectively or secure new contracts upon the completion of our contracts on hand; (ii) our failure to accurately estimate the time and costs required for projects may lead to cost overruns or even losses in our projects; (iii) we depend on our subcontractors to complete the installation work of our integrated LED lighting solution projects; (iv) our profit may be substantially reduced if there are changes in our component and subcontracting fee and labour costs after we have submitted our quotation; (v) we may not be able to implement our business strategies successfully; and (vi) we have limited management experience in operating our own factory in the PRC and our ability to successfully operate our new factory is subject to risks and uncertainties, the failure of which could adversely affect our business, results of operations and financial condition.

OUR SHAREHOLDERS

Upon the completion of the Share Offer, Mr. Tam (through Garage Investment) and Mr. Yeung (through Eight Dimensions), are entitled to exercise and control the exercise of 75.0% of our entire issued share capital (without taking into account any Shares that may be issued pursuant to the exercise of the Offer Size Adjustment Option or any options that may be granted under the Share Option Scheme). Each of Garage Investment, Eight Dimensions, Mr. Tam and Mr. Yeung are regarded as our Controlling Shareholders as defined under the GEM Listing Rules. For details, please see the sections headed "Relationship with Controlling Shareholders", "Substantial Shareholders" and "History, Reorganisation and Corporate Structure — Acting in Concert Agreement" in this Prospectus.

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RESULTS OF OPERATIONS

The following table sets forth selected financial data from our consolidated statements of profit or loss and other comprehensive income for the periods indicated.

	Year ended 31 March		Four months ended 31 July	
	2016	2017	2016	2017
	(HK\$'000)		(HK\$'000) (unaudited)	
Revenue	42,126	67,443	16,605	18,515
Direct costs	(18,935)	(28,560)	(5,993)	(9,089)
Gross profit	23,191	38,883	10,612	9,426
Other income	75	358	203	10
Other gains and losses	195	1,448	(1)	22
Administrative expenses	(15,720)	(15,711)	(4,786)	(5,422)
Finance costs	—	—	—	(32)
Listing expenses	—	(4,123)	—	(6,352)
Profit/(loss) before tax	7,741	20,855	6,028	(2,348)
Income tax expenses	(1,267)	(4,428)	(934)	(1,121)
Profit/(loss) for the year	6,474	16,427	5,094	(3,469)
Other comprehensive income	—	(85)	1	124
Total comprehensive income for the year	6,474	16,342	5,095	(3,345)

Revenue

We generated revenue of HK\$42.1 million, HK\$67.4 million, HK\$16.6 million and HK\$18.5 million for the years ended 31 March 2016 and 2017 the four months ended 31 July 2016 and 2017, respectively. The following table sets forth our revenue by business segment for the periods indicated.

	Year ended 31 March				Four months ended 31 July			
	2016		2017		2016		2017	
	(HK\$'000)	% of total	(HK\$'000)	% of total	(HK\$'000) (unaudited)	% of total	(HK\$'000)	% of total
Sales of LED lighting fixtures	23,345	55.4	51,037	75.7	10,914	65.7	18,257	98.6
Integrated LED lighting solution services	12,836	30.5	10,583	15.7	4,194	25.3	—	—
LED lighting system consultation and maintenance services	1,970	4.7	1,388	2.0	472	2.8	258	1.4
Sales of visual-audio systems	3,975	9.4	4,435	6.6	1,025	6.2	—	—
Total	42,126	100.0	67,443	100.0	16,605	100.0	18,515	100.0

Our revenue increased by HK\$25.3 million, or 60.1%, from HK\$42.1 million for the year ended 31 March 2016 to HK\$67.4 million for the year ended 31 March 2017, primarily due to an increase of HK\$27.7 million in revenue generated from sales of LED lighting fixtures as a result of an increase in the number of orders received for LED lighting fixtures for the year ended 31 March 2017 associated with increased customer demand for our products. Such increase in demand was primarily attributable to increased awareness of environmental protection practices, which led to a shift in focus from facades to interior fixtures on the part of several major end-user brands. Our revenue increased by HK\$1.9 million, or 11.4%, from HK\$16.6 million for the four months ended 31 July 2016 to HK\$18.5 million for the four months ended 31 July 2017, primarily due to the establishment of our subsidiary, Shenzhen Chuangheng, in the PRC in September 2015 as a platform to enter the PRC market. During the four months ended 31 July 2017, HK\$7.0 million was generated by Shenzhen Chuangheng.

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Gross Profit and Gross Profit Margins

The following table sets forth our gross profit and gross profit margin by business segment for the periods indicated.

	Sales of LED lighting fixtures	Integrated LED lighting solution services	LED lighting system consultation and maintenance services	Sales of visual- audio systems	Consolidated
<i>For the year ended 31 March 2016</i>					
Gross profit (HK\$'000)	12,673	7,165	1,225	2,128	23,191
Gross profit margin	54.3%	55.8%	62.2%	53.5%	55.1%
<i>For the year ended 31 March 2017</i>					
Gross profit (HK\$'000)	28,619	7,850	629	1,785	38,883
Gross profit margin	56.1%	74.2%	45.3%	40.2%	57.7%
<i>For the four months ended 31 July 2016</i>					
Gross profit (HK\$'000) (unaudited)	7,213	2,878	211	310	10,612
Gross profit margin	66.1%	68.6%	44.7%	30.2%	63.9%
<i>For the four months ended 31 July 2017</i>					
Gross profit (HK\$'000)	9,305	—	121	—	9,426
Gross profit margin	51.0%	—	46.9%	—	50.9%

Our gross profit increased by HK\$15.7 million, or 67.7%, from HK\$23.2 million for the year ended 31 March 2016 to HK\$38.9 million for the year ended 31 March 2017, primarily due to an increase in the revenue generated from sales of LED lighting fixtures as a result of the increase in the number of orders received for LED lighting fixtures, associated with the increase in customer demand resulting from our customers' increased awareness of environmental protection practices. Our gross profit decreased by HK\$1.2 million, or 11.3%, from HK\$10.6 million for the four months ended 31 July 2016 to HK\$9.4 million for the four months ended 31 July 2017, primarily due to 17% of VAT being paid by us to the PRC government upon commencing business in the PRC in December 2016, which ultimately lowered our gross profit.

Our gross profit margin for the year ended 31 March 2017 was 57.7%, which increased slightly compared to a gross profit margin of 55.1% for the year ended 31 March 2016. The increase was mainly due to the increase in gross profit margin from integrated LED lighting solution services primarily due to the higher prices charged in three projects due to the larger scale of these projects, which resulted in higher gross profit as we deployed a corresponding increase of resources. Our gross profit margin for the four months ended 31 July 2017 was 50.9%, which decreased compared to a gross profit margin of 63.9% for the four months ended 31 July 2016. As two of our end-user luxury brands had a number of shops which required renovation or a change in shop concept in the four months ended 31 July 2016, due to our limited resources, our revenue increased as a higher price was charged and as a result, our overall gross profit margin for sales of LED lighting fixtures was 66.1% for the four months ended 31 July 2016. In the absence of such factor, the gross profit margin would have been lower for the four months ended 31 July 2017. In addition, 17% of VAT was paid by us to the PRC government for the sales we made in the PRC, which further lowered our gross profit margin.

Profit (Loss) for the Year/Period

Profit for the year increased by HK\$9.9 million, or 152.3%, from HK\$6.5 million for the year ended 31 March 2016 to HK\$16.4 million for the year ended 31 March 2017. Our net profit margin for the years ended 31 March 2016 and 2017 was 15.4% and 24.4%, respectively. The increase in the net profit margin was primarily due to our increased sales and our management's better cost control to keep the administrative expense at a similar level for the year ended 31 March 2017. For the four months ended 31 July 2017 we recorded a net loss before income tax expense of HK\$2.4 million, as opposed to a net profit before income tax expense of HK\$6.0 million for the four months ended 31 July 2016. Our profit after income tax decreased by HK\$8.6 million, or 168.6%, from a profit after income tax of HK\$5.1

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million for the four months ended 31 July 2016 to a loss after income tax of HK\$3.5 million for the four months ended 31 July 2017. The decrease in profit before income tax and profit after income tax was primarily due to the Listing expenses of HK\$6.4 million incurred and the decrease in gross profit margin for the four months ended 31 July 2017. Despite revenue having increased by HK\$1.9 million when compared to the four months ended 31 July 2016, our gross profit margin decreased from 63.9% for the four months ended 31 July 2016 to 50.9% for the four months ended 31 July 2017 due to (i) a decrease in the gross profit by HK\$1.2 million as a result of the 17% of VAT paid by us to the PRC government for the increase in the sales we made in the PRC; and (ii) the absence of revenue generated from integrated LED lighting solution services for the four months ended 31 July 2017 whereas integrated LED lighting solution services generated a gross profit margin of approximately 68.6% for the four months ended 31 July 2016. In the absence of the incurrence of such Listing expenses, the result of our Company would be the profit of HK\$2.9 million for the four months ended 31 July 2017.

Key Consolidated Statements of Financial Position

The following table sets forth our consolidated statements of financial position as at the dates indicated.

	As at 31 March		As at 31 July
	2016	2017	2017
	<i>(HK\$'000)</i>		<i>(HK\$'000)</i>
Non-current assets	828	583	864
Current assets	28,768	50,292	47,273
Current liabilities	14,844	39,791	40,336
Net current assets	13,924	10,501	6,937
Total assets less current liabilities	14,752	11,084	7,801
Non-current liabilities	299	289	351
Net assets	14,453	10,795	7,450
Total equity	14,453	10,795	7,450

Our net current assets decreased from HK\$13.9 million as at 31 March 2016 to HK\$10.5 million as at 31 March 2017 and further decreased to HK\$6.9 million as at 31 July 2017. The decrease in net current assets from 31 March 2016 to 31 March 2017 was primarily due to the declaration of an interim dividend for the year ended 31 March 2017 and the decrease in net current assets from 31 March 2017 to 31 July 2017 primarily due to the payment of Listing expenses for the period.

Selected Cash Flow Data

The following table sets forth our selected cash flow data for the periods indicated.

	Year ended 31 March		Four months ended 31 July	
	2016	2017	2016	2017
	<i>(HK\$'000)</i>		<i>(HK\$'000)</i>	
			<i>(unaudited)</i>	
Net cash from/(used in) operating activities	8,923	19,384	10,145	(5,559)
Net cash (used in)/from investing activities	(27)	996	(7,106)	(395)
Net cash (used in)/from financing activities	(669)	(4,500)	97	1,662
Net increase/(decrease) in cash and cash equivalents	8,227	15,880	3,136	(4,292)
Effect on exchange rate changes	-	(63)	1	50
Cash and cash equivalent at the beginning of the year/period ...	7,711	15,938	15,938	31,755
Cash and cash equivalents at the end of the year/period	15,938	31,755	19,075	27,513

KEY FINANCIAL RATIOS

The following table sets forth selected key financial ratios as at the dates or for the periods indicated.

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	As at or for the year ended 31 March		As at or for the four months ended 31 July 2017
	2016	2017	
Profitability ratios			
Gross profit margin ⁽¹⁾	55.1%	57.7%	50.9%
Net profit margin ⁽²⁾	15.4%	24.4%	Net loss
Return on equity ⁽³⁾	44.8%	152.2%	Net loss
Return on total assets ⁽⁴⁾	21.9%	32.3%	Net loss
Liquidity ratios			
Current ratio ⁽⁵⁾	1.9	1.3	1.2
Quick ratio ⁽⁶⁾	1.9	1.2	1.1
Capital adequacy ratio			
Gearing ratio ⁽⁷⁾	N/A	N/A	22.7%

Notes:

- (1) The gross profit margin is calculated by dividing the gross profit/loss by the revenue for the respective period multiplied by 100%.
- (2) The net profit margin is calculated by dividing the profit/loss for the year/period divided by the revenue for the respective period multiplied by 100%.
- (3) The return on equity equals the profit/loss for the year/period divided by the total equity as at the end of the respective period multiplied by 100%.
- (4) The return on total assets equals to profit/loss for the year/period divided by the total assets as at the end of the respective period multiplied by 100%.
- (5) The current ratio is calculated by dividing current assets with current liabilities as at the end of the respective period.
- (6) The quick ratio is calculated by dividing current assets minus inventories by current liabilities as at the end of the respective period.
- (7) The gearing ratio is calculated by dividing total interest-bearing bank and other borrowings by total equity as at the end of the respective period multiplied by 100%.

Our return on equity increased from 44.8% for the year ended 31 March 2016 to 152.2% for the year ended 31 March 2017, primarily due to the increase in our profit and decrease in equity as a result of the declaration of interim dividends for the year ended 31 March 2017. If our Listing expenses of HK\$6.4 million were excluded from the loss for the period, our return on equity would have been approximately 38.7% for the four months ended 31 July 2017. The decrease of our return on equity for the four months ended 31 July 2017 was primarily due to the decrease in our net profit during the period.

Our return on total assets increased from 21.9% for the year ended 31 March 2016 to 32.3% for the year ended 31 March 2017, primarily due to the increase in our profit for the year ended 31 March 2017. If our Listing expenses of HK\$6.4 million were excluded, our return on total assets would have been approximately 6.0% for the four months ended 31 July 2017. The decrease of our return on total assets for the four months ended 31 July 2017 was primarily due to the decrease in our net profit during the period.

Our current ratio decreased from 1.9 as at 31 March 2016 to 1.3 as at 31 March 2017, primarily due to the declaration of interim dividend for the year ended 31 March 2017 and slightly decreased to 1.2 as at 31 July 2017. Our quick ratio decreased from 1.9 as at 31 March 2016 to 1.2 as at 31 March 2017 and to 1.1 as at 31 July 2017 for the same reason above.

Gearing ratio is not applicable to our Group as at 31 March 2016 and 2017 as we did not have any interest-bearing bank and other borrowings. Our gearing ratio increased to 22.7% as at 31 July 2017 due to the bank borrowing of HK\$1.7 million as at the four months ended 31 July 2017.

CONTRACT BACKLOG

We completed 477, 559 and 233 LED lighting projects for the two years ended 31 March 2016 and 2017 and the four months ended 31 July 2017, respectively. As at the Latest Practicable Date, we had a total of 39 projects on hand with a total contract sum of approximately HK\$4.4 million. The following table sets forth the movement of LED lighting projects during the Track Record Period and up to the Latest Practicable Date.

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	Year ended 31 March		Four months ended 31 July 2017	From 1 August 2017 to the Latest Practicable Date
	2016	2017		
Opening number of projects	5	29	46	66
Number of new contracts	501	576	253	336
Less: Completed contracts	(477)	(559)	(233)	(363)
Closing number of projects	29	46	66	39

REGULATORY NON-COMPLIANCE MATTER

We had certain historical non-compliance incidents including those involving the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong). Our Directors consider that such non-compliance incidents will not have a material impact on our Group's operations and financial position. For details, please refer to the section headed "Business — Regulatory Compliance and Legal Proceedings — Regulatory Compliance — Non-compliance Matter" in this Prospectus.

RECENT DEVELOPMENT

Following the Track Record Period and up to the Latest Practicable Date, we have continued to focus on developing our business in the provision of integrated LED lighting solutions in Asia. As at the Latest Practicable Date, we have been awarded 336 projects with an aggregate contract sum of approximately HK\$24.8 million and completed 363 projects of which revenue recognised was approximately HK\$28.4 million, of which a majority were projects related to the sales of LED lighting fixtures. In particular, we have been awarded a project in Hong Kong and have a prospective project in the PRC. Our prospective projects as disclosed above may not materialise. Please refer to the section headed "Risk Factors — Risks Relating to Our Business and Our Industry — Our prospective projects as disclosed in this Prospectus are subject to unexpected adjustments and cancellations and, therefore, may not be indicative of our future results of operations" of this Prospectus.

To further strengthen our working capital position and enhance our financial resources for our contracts on hand, we obtained a banking facility from a bank in April 2017 of up to HK\$1.92 million and which was repaid in mid-September 2017. As at the Latest Practicable Date, we did not have any unutilised banking facilities.

LISTING EXPENSES

Assuming the Offer Size Adjustment Option is not exercised and assuming the Offer Price of HK\$0.30 per Offer Share, being the mid-point of the indicative Offer Price, the total expenses for Listing are estimated to be approximately HK\$28.1 million, of which approximately HK\$4.1 million and HK\$6.4 million was recognised as Listing expenses in our consolidated statements of profit or loss and other comprehensive income for the year ended 31 March 2017 and for the four months ended 31 July 2017. We expect to incur additional Listing expenses of approximately HK\$6.5 million which will be recognised as Listing expenses for the year ending 31 March 2018. The balance of approximately HK\$11.1 million is expected to be recognised as a deduction in equity upon Listing.

In view of the above, our Directors are of the view that the one-off Listing expenses, which are non-recurring in nature, will have a material adverse effect on the financial results of our Group for the year ending 31 March 2018. The aforesaid amount of Listing expenses is a current estimate for reference only and the final amount to be recognised in our consolidated statements of profit or loss and other comprehensive income for the year ending 31 March 2018 will be subject to adjustments based on audit and changes in variables and assumptions.

DIVIDEND

We declared an interim dividend of HK\$20.0 million during the Track Record Period, of which HK\$15.0 million was settled in August 2017 and November 2017, and the remaining balance of HK\$5.0 million will be settled before Listing.

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Our Directors may declare dividends, if any, in Hong Kong dollars with respect to Shares on a per Share basis and will pay such dividends in Hong Kong dollars. Any final dividend for a financial year will be subject to the Shareholders' approval. There is, however, no assurance that dividends will be declared or distributed in any year subsequent to the Listing. As at the Latest Practicable Date, we did not have any specific dividend policy nor pre-determined dividend payout ratios.

REASONS FOR THE LISTING AND FUTURE PLANS AND USE OF PROCEEDS

We have been operating in the LED industry for over 12 years and our Group intends to grow and expand continuously. The following are our main purposes for seeking the Listing: (i) broadening our shareholder base and enhancing our access to capital for future growth with opportunities to raise fund not only at Listing but also at a later stage; (ii) supporting our ongoing working capital needs in relation to our strategies to expand our businesses, the set-up of our factory, strengthening our capabilities and enhancing our competitiveness in the LED lighting solution market; (iii) enhancing our profile, visibility, market presence and reputation to provide reassurance to our customers, world-renowned end-user luxury brands and suppliers; and (iv) enhancing employee incentive and commitment. To provide additional incentive, we have also implemented the Share Option Scheme for our employees in order to attract and retain talents. Please see the section headed "Statutory and General Information — D. Share Option Scheme" in this Prospectus for a summary of principal terms of the scheme.

We estimate that the net proceeds from the Share Offer (after deducting underwriting fees and estimated expenses payable by ourselves in connection with the Share Offer) will be approximately HK\$46.9 million after deducting the underwriting commission and total Listing expenses in the amount of approximately HK\$28.1 million, payable by our Company from the gross proceeds from the Share Offer, and based on an Offer Price of HK\$0.30 per Offer Share (being the mid-point of the Offer Price range between HK\$0.20 and HK\$0.40 per Offer Share), assuming the Offer Size Adjustment Option is not exercised.

We currently intend to apply the net proceeds mainly in the following manner from the Latest Practicable Date to 31 March 2020:

- approximately HK\$14.5 million, representing approximately 30.9% to set up our own factory in support of our corporate strategies and business plans. We believe that the set-up of our own factory will enable us to monitor and control the quality of our LED lighting fixtures, reduce the reliance on our suppliers, expand our market share and solidify our market position, capture part of the profit margin earned by our current suppliers, and reduce our costs by economies of scale in production;
- approximately HK\$5.9 million, representing approximately 12.6% for recruiting high calibre talent in lighting design, sales and marketing, and research and development in the Hong Kong office;
- approximately HK\$17.9 million, representing approximately 38.2% for pursuing suitable acquisitions of (i) a supplier or contractor based in the PRC possessing relevant qualifications for installation of LED lighting products; (ii) a company based in the PRC specialising in the supply of technical components and possessing the relevant licences and/or permits for the production and sales of such components; and/or (iii) a lighting consultancy or design company based in Hong Kong;
- approximately HK\$5.1 million, representing approximately 10.9% for enhancing our ERP system, including upgrading our inventory system to integrate and streamline our business operations while controlling costs;
- approximately HK\$2.6 million, representing approximately 5.5% for expanding and upgrading the workshop and office in Hong Kong; and
- approximately HK\$0.9 million, representing approximately 1.9% for working capital and general corporate purpose.

Set out below is the expected timeline from the Latest Practicable Date to 31 March 2020 for our Group to deploy the abovementioned net proceeds to be raised from the Share Offer, in accordance with the implementation of our future plans.

SUMMARY

	From the Latest Practicable Date to 31 March 2018	Six months ending				Total
		30 September 2018	31 March 2019	30 September 2019	31 March 2020 ⁽¹⁾	
		HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Setting up a factory⁽¹⁾						
- Rental of factory and staff quarters	0.2	1.1	1.1	1.1	-	3.5
- Operating expense including staff costs	-	2.0	2.9	1.4	-	6.3
- Purchasing CNC machines, 3D printer and testing equipment	-	3.7	-	-	-	3.7
- Capital expenditure including renovation and purchasing furniture and equipment	0.5	0.5	-	-	-	1.0
Subtotal	0.7	7.3	4.0	2.5	-	14.5
Recruiting high calibre staff	0.5	1.3	1.6	1.8	0.7	5.9
Pursuing suitable acquisitions	-	0.2	17.7	-	-	17.9
Enhancing our ERP system	1.5	1.5	2.1	-	-	5.1
Expanding and upgrading the infrastructure of our workshop and office	1.3	-	1.3	-	-	2.6
Working capital and general corporate purpose	0.9	-	-	-	-	0.9
Total	4.9	10.3	26.7	4.3	0.7	46.9

Note:

(1) See the paragraph headed “Future Plans and Use of Proceeds – Implementation Plan” in this Prospectus for further details.

For further details, please see the section headed “Future Plans and Use of Proceeds” in this Prospectus.

As we outsourced the production of all LED lighting fixtures during the Track Record Period, we have limited management experience in operating our own factory in the PRC and our ability to successfully operate our new factory is subject to risks and uncertainties, the failure of which could adversely affect our business, results of operations and financial condition. For details of risks relating to the set-up of our factory, please see the section headed “Risk Factors” in this Prospectus.

SHARE OFFER STATISTICS

Market capitalisation upon Listing	HK\$200,000,000 to HK\$400,000,000
Number of Offer Shares	250,000,000 Shares (subject to the Offer Size Adjustment Option)
Offer Price per Share	HK\$0.20 to HK\$0.40
Unaudited pro forma adjusted consolidated net tangible assets per Share	HK\$0.0419 to HK\$0.0877

For further details, please see the section headed “Unaudited Pro Forma Financial Information” in Appendix II to this Prospectus.

MATERIAL ADVERSE CHANGE

The impact of the listing expenses on the profit and loss accounts has posed a material adverse change in the financial or trading position or prospect of our Group since 31 July 2017 (being the date on which the latest audited consolidated financial statements were made up). The decrease in revenue from integrated LED lighting solution services and our sales in the PRC being subject to 17% of VAT may have a negative impact on the financial and trading position of our Group for the year ending 31 March 2018 and thereafter. Prospective investors should be aware of the impact of the listing expenses and such decrease in revenue on the financial performance of our Group for the year ending 31 March 2018.

Save as disclosed above, our Directors confirm that there had been no material adverse change in the financial or trading position or prospects of our Company or its subsidiaries since 31 July 2017, which is the end of the period covered by the Accountants’ Report set out in “Appendix I — Accountants’ Report”, to the date of this Prospectus.