Synergy Group Holdings International Limited
滙能集團控股國際有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1539)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2017

FINANCIAL HIGHLIGHTS

	2017	2016
	HK$'000	*HK$'000*
Revenue	**256,607**	130,068
Leasing services of lighting systems	**97,198**	21,383
Trading of lighting products	**137,440**	78,896
Consultancy service	**21,969**	29,789
Gross profit	**124,975**	69,213
Profit attributable to the owners of the Company	**74,072**	35,402
Basic earnings per share (HK cents)	**14.8**	7.1
Total assets	**409,782**	189,416
Total liabilities	**204,072**	57,180
Net assets	**205,710**	132,236

- Revenue increased by 97.3% from HK$130.1 million for the year ended 31 March 2016 to HK$256.6 million for the year ended 31 March 2017.
- Gross profit increased by 80.6% from HK$69.2 million for the year ended 31 March 2016 to HK$125.0 million for the year ended 31 March 2017.
- Profit attributable to the owners of the Company increased by 109.2% from HK$35.4 million for the year ended 31 March 2016 to HK$74.1 million for the year ended 31 March 2017.
- Basic earnings per share increased by 108.5% from HK7.1 cents for the year ended 31 March 2016 to HK14.8 cents for the year ended 31 March 2017.

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Synergy Group Holdings International Limited 滙能集團控股國際有限公司 (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**" or "**our Group**") for the year ended 31 March 2017 together with the comparative audited figures for the prior year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	**2017** *HK$'000*	2016 *HK$'000*
Revenue	*5(a)*	**256,607**	130,068
Cost of sales		**(131,632)**	(60,855)
Gross profit		**124,975**	69,213
Other income and gains	*5(b)*	**1,411**	2,180
Administrative expenses		**(22,279)**	(15,604)
Selling and distribution costs		**(6,364)**	(4,613)
Finance costs	*6*	**(2,220)**	(421)
Other expenses		**(2,054)**	(1,530)
Share of results of associates		**(4,937)**	(4,611)
Profit before income tax	*7*	**88,532**	44,614
Income tax expense	*8(a)*	**(14,460)**	(9,212)
Profit for the year		**74,072**	35,402
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of financial statements of foreign operations		**(610)**	–
Share of other comprehensive income of an associate		**12**	(69)
Other comprehensive income for the year, net of tax		**(598)**	(69)
Total comprehensive income for the year attributable to the owners of the Company		**73,474**	35,333
Earnings per share for profit attributable to the owners of the Company during the year			
– Basic *(HK cents)*	*10*	**14.8**	7.1

Details of the proposed dividend for the year are disclosed in note 9.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**1,418**	2,696
Interests in associates		**19,325**	26,062
Trade receivables	*11*	**62,258**	–
Finance lease receivables		**82,667**	12,234
Rental deposits		**274**	–
Deferred tax assets	*8(b)*	**52**	–
		165,994	40,992
Current assets			
Inventories		**2,236**	13,721
Trade receivables	*11*	**110,938**	84,941
Finance lease receivables		**14,120**	2,510
Deposits and prepayments		**46,527**	9,509
Due from associates		**14,002**	8,667
Pledged bank deposits		**2,500**	2,500
Cash and cash equivalents		**53,465**	26,576
		243,788	148,424
Current liabilities			
Trade payables	*12*	**5,700**	16,323
Accruals, other payables and deposits received		**24,346**	7,348
Borrowings		**107,201**	25,280
Due to a related company		**56**	112
Provision for taxation		**5,070**	7,635
		142,373	56,698
Net current assets		**101,415**	91,726
Total assets less current liabilities		**267,409**	132,718

	Notes	**2017** HK$'000	2016 HK$'000
Non-current liabilities			
Trade payables	*12*	**7,054**	–
Deposits received		**54**	147
Borrowings		**4,591**	217
Notes payable		**50,000**	–
Deferred tax liabilities	*8(b)*	**–**	118
		61,699	482
Net assets		**205,710**	132,236
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**5,000**	5,000
Reserves		**200,710**	127,236
Total equity		**205,710**	132,236

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2017

	Share capital	Share premium*	Capital reserves*	Merger reserve*	Foreign exchange reserves*	Retained profits*	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2015	5,000	34,749	7,388	12,183	5	37,578	96,903
Profit for the year	–	–	–	–	–	35,402	35,402
Other comprehensive income							
Share of other comprehensive income of an associate	–	–	–	–	(69)	–	(69)
Total comprehensive income for the year	–	–	–	–	(69)	35,402	35,333
At 31 March 2016 and 1 April 2016	5,000	34,749	7,388	12,183	(64)	72,980	132,236
Profit for the year	**–**	**–**	**–**	**–**	**–**	**74,072**	**74,072**
Other comprehensive income							
Exchange difference arising on translation of financial statements of foreign operations	**–**	**–**	**–**	**–**	**(610)**	**–**	**(610)**
Share of other comprehensive income of an associate	**–**	**–**	**–**	**–**	**12**	**–**	**12**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(598)**	**74,072**	**73,474**
At 31 March 2017	**5,000**	**34,749**	**7,388**	**12,183**	**(662)**	**147,052**	**205,710**

* These reserve accounts comprise the consolidated reserves of approximately HK$200,710,000 in the consolidated statement of financial position as at 31 March 2017 (2016: HK$127,236,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2017

1. GENERAL INFORMATION

Synergy Group Holdings International Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 14 December 2011. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is Room 404B, 4/F, Block B, Seaview Estate, Nos. 4-6 Watson Road, North Point, Hong Kong.

The principal activity of the Company is investment holding. The Company and its subsidiaries are collectively referred to as the "Group" hereafter.

During the year, a formal application was made by the Company to The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") for the transfer of listing of its shares from the Growth Enterprise Market ("**GEM**") to Main Board. The application was approved and the dealing of the shares of the Company on Main Board commenced on 26 October 2016 with the new stock code "1539".

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 April 2016

In current year, the Group has applied for the first time the following new or revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants which are relevant to and effective for the Group's consolidated financial statements for the annual year beginning on 1 April 2016.

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception

The adoption of these amendments has no material impact on the Group's consolidated financial statements.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

HKFRSs (Amendments)	Annual Improvements 2014-2016 Cycle[1,2]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[2]
HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HK (IFRIC) Interpretation 22	Foreign Currency Transactions and Advance Consideration[2]

1 Effective for annual periods beginning on or after 1 January 2017

2 Effective for annual periods beginning on or after 1 January 2018

3 Effective for annual periods beginning on or after 1 January 2019

4 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

Amendments to HKAS 7 – Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Amendments to HKAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

Amendments to HKFRS 2 – Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("**FVTOCI**") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit and loss ("**FVTPL**").

HKFRS 9 (2014) includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 (2014) carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 (2014) retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Amendments to HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

3. BASIS OF PREPARATION

(a) Basis of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, HKASs and Interpretations (hereinafter collectively referred to as "HKFRS") and the disclosure requirements of the Companies Ordinance of Hong Kong. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis.

(c) Functional and presentation currency

The financial statements are presented in Hong Kong Dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

4. SEGMENT INFORMATION

For the purpose of resources allocation and performance assessment, financial information relating to these operations is reporting internally and is regularly reviewed by the executive directors, being the chief operating decision maker, based on the following segments:

(1) Provision of leasing service of lighting systems;

(2) Trading of lighting products; and

(3) Provision of consultancy services on leasing service of lighting systems ("**Consultancy service**").

Segment revenue below represents revenue from external customers. There were no inter-segment sales during the year.

	Leasing service of lighting systems *HK$'000*	**Trading of lighting products** *HK$'000*	**Consultancy service** *HK$'000*	**Total** *HK$'000*
Year ended 31 March 2017				
Revenue from external customers	**97,198**	**137,440**	**21,969**	**256,607**
Reportable segment profit	**42,091**	**58,362**	**20,453**	**120,906**
Capital expenditure	**108**	**–**	**–**	**108**
Depreciation	**903**	**–**	**–**	**903**
As at 31 March 2017				
Reportable segment assets	**106,991**	**179,665**	**32,052**	**318,708**
Reportable segment liabilities	**11,133**	**17,926**	**70**	**29,129**
Year ended 31 March 2016				
Revenue from external customers	21,383	78,896	29,789	130,068
Reportable segment profit	7,192	31,645	28,496	67,333
Capital expenditure	1,162	–	–	1,162
Depreciation	1,661	–	–	1,661
As at 31 March 2016				
Reportable segment assets	36,151	64,535	22,591	123,277
Reportable segment liabilities	7,515	12,271	29	19,815

The total presented for the Group's operating segments reconcile to the Group's key financial figures as presented as follows:

	2017	2016
	HK$'000	*HK$'000*
Reportable segment profit	**120,906**	67,333
Unallocated corporate income	**1,257**	2,007
Unallocated corporate expenses *(note)*	**(26,474)**	(19,694)
Finance costs	**(2,220)**	(421)
Share of results of associates	**(4,937)**	(4,611)
Profit before income tax	**88,532**	44,614

Note: Unallocated corporate expenses mainly include legal and professional fees, salaries, other administrative expenses and other selling and distribution costs.

	2017	2016
	HK$'000	*HK$'000*
Reportable segment assets	**318,708**	123,277
Interests in associates	**19,325**	26,062
Pledged bank deposits	**2,500**	2,500
Cash and cash equivalents	**53,465**	26,576
Due from associates	**14,002**	8,667
Deferred tax assets	**52**	–
Other corporate assets	**1,730**	2,334
Group assets	**409,782**	189,416

	2017	2016
	HK$'000	*HK$'000*
Reportable segment liabilities	**29,129**	19,815
Borrowings	**111,792**	25,497
Notes payable	**50,000**	–
Provision for taxation	**5,070**	7,635
Deferred tax liabilities	**–**	118
Due to a related company	**56**	112
Other corporate liabilities *(note)*	**8,025**	4,003
Group liabilities	**204,072**	57,180

Note: Other corporate liabilities mainly include accruals and other payables for legal and professional fees and other operating expenses.

The Group's revenue from external customers are divided into the following geographical areas:

	Revenue from external customers	
	2017	2016
	HK$'000	*HK$'000*
Hong Kong (domiciled)	**39,541**	51,146
Japan	**31,845**	19,192
Australia	**25,073**	35,999
Malaysia	**8,991**	3,818
Indonesia	**149,435**	10,727
Other overseas locations	**1,722**	9,186
	256,607	130,068

The Group's non-current assets are located in Hong Kong and Malaysia, which are divided into the following geographical areas (other than financial instruments and deferred tax assets):

	Specified non-current assets	
	2017	2016
	HK$'000	*HK$'000*
Hong Kong (domiciled)	**20,999**	28,758
Malaysia	**18**	–
	21,017	28,758

The geographical location of revenue allocated is based on the location at which the goods were delivered and services were provided. The geographical location of non-current assets is based on the physical location of the assets. The Company is an investment holding company where the Group has majority of its operation and workforce in Hong Kong, and therefore, Hong Kong is considered as the Group's place of domicile for the purpose of the disclosures as required by HKFRS 8 "Operating Segments".

The Group's customer base is diversified and includes only the following customers with whom transactions have exceeded 10% of the Group's revenues. Revenue derived from these customers are as follows:

	Revenue from external customers	
	2017	2016
	HK$'000	*HK$'000*
Customer A[#]	**149,435**	n/a
Customer B[##]	**31,845**	19,192
Customer C[##]	**n/a**	35,999
Customer D[###]	**n/a**	21,385

[#] *Attributable to segments of leasing service of lighting systems and trading of lighting products*

[##] *Attributable to segment of trading of lighting products*

[###] *Attributable to segment of Consultancy service*

n/a *Transactions did not exceed 10% of the Group's revenue*

5. REVENUE AND OTHER INCOME AND GAINS

(a) Revenue represents the income from trading of lighting products and provision of leasing and Consultancy service. An analysis of revenue is as follows:

	2017	2016
	HK$'000	*HK$'000*
Leasing service income	**97,198**	21,383
Trading of lighting products	**137,440**	78,896
Consultancy service income	**21,969**	29,789
	256,607	130,068

(b) An analysis of the Group's other income and gains is as follows:

	2017	2016
	HK$'000	*HK$'000*
Interest income		
– from bank deposits	**8**	2
– charged to amount due from an associate	**349**	113
	357	115
Management service income received from an associate	**900**	1,800
Net foreign exchange gain	**–**	91
Others	**154**	174
	1,411	2,180

6. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interest expenses for financial liabilities carried at amortised cost:		
Interest on borrowings	**1,841**	321
Transaction costs on bank borrowings and notes payable	**379**	100
	2,220	421

7. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	2017	2016
	HK$'000	*HK$'000*
Auditor's remuneration	**920**	820
Cost of inventories recognised as expenses		
– Cost of inventories sold	**109,319**	51,147
– Write-off of inventories	**–**	43
	109,319	51,190
Depreciation of property, plant and equipment	**1,059**	1,805
Employee benefit expenses (including directors' remuneration)		
– Salaries and welfare	**12,536**	9,512
– Defined contributions	**415**	330
	12,951	9,842
Warranty provision, net of reversal	**1,219**	402
Bad debts written off	**–**	12
Provision for impairment loss of trade receivables	**1,190**	–
Losses on disposals of property, plant and equipment	**773**	906
Net foreign exchange loss/(gain)	**1,072**	(91)
Minimum lease payments under operating leases in respect of offices, warehouses and an office equipment	**1,506**	1,237

8. INCOME TAX EXPENSE

(a) Income tax

The amount of taxation in the consolidated statement of comprehensive income represents:

	2017	2016
	HK$'000	*HK$'000*
Current tax		
– Tax for the year	**14,630**	9,498
Deferred tax		
– Current year	**(170)**	(286)
Income tax expense	**14,460**	9,212

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits.

A subsidiary in Malaysia has elected to pay a lump sum income taxation charge of Malaysian Ringgit ("**RM**") 20,000 per annum.

The income tax expense for the year can be reconciled to the profit before income tax per the consolidated statement of comprehensive income as follows:

	2017	2016
	HK$'000	*HK$'000*
Profit before income tax	**88,532**	44,614
Tax calculated at the rates applicable to profits or losses in the tax jurisdictions concerned	**11,053**	7,361
Effect of share of results of associates	**815**	761
Effect of non-deductible expenses	**1,633**	1,028
Effect of temporary differences	**979**	82
Tax concession	**(20)**	(20)
Income tax expense	**14,460**	9,212

(b) Deferred tax

Details of the deferred tax assets/(liabilities) recognised and movements during the year are as follows:

	(Accelerated)/ decelerated tax depreciation
	HK$'000
At 1 April 2015	(404)
Credited to profit or loss for the year	286
At 31 March 2016 and 1 April 2016	(118)
Credited to profit or loss for the year	170
At 31 March 2017	52

9. DIVIDENDS

No dividend has been paid or declared by the Company during the year ended 31 March 2017 (2016: Nil).

10. EARNINGS PER SHARE

	2017	2016
	HK$'000	*HK$'000*
Earnings		
Profit attributable to the owners of the Company	**74,072**	35,402

	2017	2016
	'000	*'000*
Number of shares		
Weighted average number of shares	**500,000**	500,000

No diluted earnings per share is presented as the Group had no potential ordinary shares during the years ended 31 March 2017 and 2016.

11. TRADE RECEIVABLES

	2017 HK$'000	2016 HK$'000
Trade receivables	**174,386**	84,941
Less: Provision for impairment loss	**(1,190)**	–
Trade receivables, net	**173,196**	84,941
Classified as:		
Non-current assets *(note)*	**62,258**	–
Current assets	**110,938**	84,941
	173,196	84,941

Note: During the year, the Group has offered settlement term to a customer attributed to the segment of trading of light products, interest-bearing of 5% per annum with settlement schedule in 84 months. As such, the fair value of the consideration attributable to the customer is determined by discounting the nominal amount of all future receipts using an imputed rate of interest of 5% per annum.

The Group's trading terms with its customers are mainly on credit. Generally, the credit period is ranging from cash on delivery to 180 days, except for a customer who has been granted a settlement schedule of 84 months from the Group.

Based on invoices date and net of provisions, ageing analysis of the Group's trade receivables as at the end of the reporting period is as follows:

	2017 HK$'000	2016 HK$'000
0 to 30 days	**38,084**	25,428
31 to 90 days	**31,756**	8,722
91 to 180 days	**45,107**	15,159
181 to 365 days	**37,064**	25,682
Over 365 days	**21,185**	9,950
	173,196	84,941

Ageing analysis of the Group's trade receivables that are not impaired is as follows:

	2017 HK$'000	2016 HK$'000
Neither past due nor impaired	**94,372**	29,466
1 to 30 days past due	**11,131**	6,025
31 to 90 days past due	**22,843**	7,243
91 to 180 days past due	**16,856**	10,730
181 to 365 days past due	**24,578**	28,443
Over 365 days past due	**3,416**	3,034
	173,196	84,941

The below table reconciled the provision of impairment loss of trade receivables for the year:

	2017	2016
	HK$'000	*HK$'000*
At beginning of the year	**–**	–
Impairment loss recognised	**1,190**	–
At end of the year	**1,190**	–

At each reporting date, the Group's trade receivables are individually determined for impairment testing. At 31 March 2017, the Group's trade receivables that were neither past due nor impaired for whom there was no recent history of default. The Group's management considers that trade receivables that were past due but not impaired under review are of good credit quality. Impairment losses in respect of trade receivables are recorded using allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly. During the year, the Group has determined trade receivables of HK$1,190,000 (2016: Nil) were individually impaired (note 7) and Nil (2016: HK$12,000) (note 7) as irrecoverable and written off.

During the year, the Group has assigned receivables of a customer to a bank to secure banking facilities of HK$100,000,000 granted to the Group (the "**Assignment**"). As at 31 March 2017, there were bank loan balances of approximately HK$81,967,000 (2016: Nil) secured by the Assignment. As at 31 March 2017, trade receivables of approximately HK$78,924,000 (2016: Nil) were subject to the Assignment.

12. TRADE PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade payables	**12,754**	16,323
Classified as:		
Non-current liabilities	**7,054**	–
Current liabilities	**5,700**	16,323
	12,754	16,323

Ageing analysis of the Group's trade payables as at the end of the reporting period is as follows:

	2017	2016
	HK$'000	*HK$'000*
0 to 30 days	**4,932**	10,748
31 to 90 days	**1,480**	2,751
91 to 180 days	**406**	2,448
Over 180 days	**5,936**	376
	12,754	16,323

The Group generally made purchase with various terms, operating on cash on delivery or payment in advance terms, except for a supplier who has granted a settlement schedule of up to 60 months to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Total revenue was HK$256.6 million for the year ended 31 March 2017, representing a 97.3% increase as compared to that for the year ended 31 March 2016. There has been an increasing demand for the Group's energy saving products and services. Revenue generated from our leasing service segment increased by over 3 times from HK$21.4 million for the year ended 31 March 2016 to HK$97.2 million for the year ended 31 March 2017 due to more energy management contracts under lease arrangement entered during the current year. Revenue generated from our trading segment increased by 74.2% from HK$78.9 million for the year ended 31 March 2016 to HK$137.4 million for the year ended 31 March 2017 due to the increase in sales of LED products and sales to Indonesia. The growth in revenue was mainly attributable to the expansion of the Group's business in the overseas markets, with revenue from overseas clients as a percentage to the Group's total revenue increased from 60.7% for the year ended 31 March 2016 to 84.6% for the year ended 31 March 2017. Gross profit margin decreased from 53.2% for the year ended 31 March 2016 to 48.7% for the year ended 31 March 2017. The drop is resulted from the increase in the Group's undertaking of leasing business and trading of lighting products which have a relatively lower gross profit margin when compared to Consultancy service.

Other income and gains decreased from HK$2.2 million for the year ended 31 March 2016 to HK$1.4 million for the year ended 31 March 2017 mainly due to the cessation of monthly service fee of HK$150,000 received from an associate of our Group since October 2016.

Selling and distribution costs

The Group's selling and distribution costs for the year ended 31 March 2017 were HK$6.4 million, representing an increase of 38.0% from HK$4.6 million for the year ended 31 March 2016. The increase was mainly due to (i) the increase in salaries; (ii) the increase in amount of samples given to potential customers, some of which may enter into contracts with the Group and contribute to an increase in revenue in future; and (iii) the increase in marketing activities such as television advertisements and an investor luncheon.

Administrative expenses

The Group's administrative expenses for the year ended 31 March 2017 were HK$22.3 million, representing an increase of 42.8% from HK$15.6 million for the year ended 31 March 2016. The increase was mainly due to (i) the increase in professional expenses for application for the transfer of listing from GEM to the Main Board of the Stock Exchange; and (ii) the increase in Directors' remuneration and salaries expenses.

Finance costs

The Group's finance costs increased from approximately HK$421,000 for the year ended 31 March 2016 to approximately HK$2.2 million for the year ended 31 March 2017. The increase of over 4 times in the Group's finance costs was due to the interest expenses arising from the new bank and other borrowings and notes payable drawn down of HK$198.3 million during the year.

Other expenses

The Group's other expenses increased to HK$2.1 million for the year ended 31 March 2017 from HK$1.5 million for the year ended 31 March 2016. The increase was mainly due to the provision for impairment loss of trade receivables of HK$1.2 million during the year.

Income tax expense

The Group's income tax expense for the year ended 31 March 2017 was HK$14.5 million, representing an increase of 57.0% from HK$9.2 million for the year ended 31 March 2016. The increase was mainly due to the increase in taxable income.

Profit for the year

As a result of the foregoing, our profit attributable to the owners of the Company increased by 109.2% from HK$35.4 million for the year ended 31 March 2016 to HK$74.1 million for the year ended 31 March 2017.

Liquidity and financial resources

The shares of the Company were listed on GEM on 24 March 2015 ("**Listing**") and were transferred to the Main Board on 26 October 2016.

The Group mainly finances its business with internally generated cash flows, bank and other borrowings and proceeds from the Listing. As at 31 March 2017, current assets of the Group amounted to HK$243.8 million, representing an increase of 64.3% from HK$148.4 million as at 31 March 2016. The current assets of the Group mainly comprised cash and bank balances (including pledged bank deposits) of HK$56.0 million (2016: HK$29.1 million) and trade receivables of HK$110.9 million (2016: HK$84.9 million).

As at 31 March 2017, the Group's current liabilities mainly comprised borrowings of HK$107.2 million (2016: HK$25.3 million), trade payables of HK$5.7 million (2016: HK$16.3 million) and accruals, other payables and deposits received of HK$24.3 million (2016: HK$7.3 million).

The Group's current ratio decreased from 2.6 times as at 31 March 2016 to 1.7 times as at 31 March 2017. The Group has sufficient working capital to meet the current liquidity demand within at least 12 months from the date of this announcement.

The total outstanding borrowings of the Group as at 31 March 2017 was HK$161.8 million (31 March 2016: HK$25.5 million) due to banks and independent third parties. The increase was due to the new bank and other borrowings and notes payable of HK$198.3 million that were drawn during the year ended 31 March 2017.

As at 31 March 2017, the Group's equity attributable to the owners of the Company was HK$205.7 million, representing an increase of 55.6% from HK$132.2 million as at 31 March 2016.

As at 31 March 2017, a time deposit of HK$2.5 million was pledged as a security for the bank facilities (31 March 2016: HK$2.5 million). There is an assignment of receivables from one of the customers of the Group to the bank. Save as disclosed above, the Group has no other charges on its assets as at 31 March 2017.

Contingent liabilities

The Group had no significant contingent liabilities as at 31 March 2017.

Associated company

Synergy Cooling Management Limited ("**SCML**", together with its subsidiaries, the "**Cooling Group**") is an associated company of the Group which was owned as to approximately 36.59% (subsequently increased to 49.84% and details are set out in the section headed "Subsequent Events" below) by the Group. SCML wholly owns Synergy Cooling Management (H.K.) Limited ("**SCML (HK)**") and indirectly wholly owns Synergy ESCO (Malaysia) Sdn. Bhd. ("**SE (Malay)**"). Both SCML (HK) and SE (Malay) are principally engaged in the business of energy saving management.

The revenue of the Cooling Group for the year ended 31 March 2017 was HK$10.2 million, representing an increase of 5.7% from HK$9.6 million for the year ended 31 March 2016. It was mainly attributable to the continuous development of the market in Malaysia in accordance with Cooling Group's expansion strategy. The net loss attributable to the shareholders of the Cooling Group for the year ended 31 March 2017 was HK$14.0 million which remained stable as compared to HK$13.3 million for the year ended 31 March 2016.

As at 31 March 2017, advances of HK$8.6 million were made by the Group to the Cooling Group at interest rate of 5% per annum (31 March 2016: HK$4.4 million).

On 18 April 2016, a subsidiary of the Group jointly incorporated Kedah Synergy Limited ("**KSL**") with independent third parties. KSL, which is owned as to 35% by the Group is an associated company of the Group and is principally engaged in the business of energy saving management at South Africa.

KSL did not have any revenue for the year ended 31 March 2017 as it was in the stage of business negotiation with a major retailer in South Africa. The net loss attributable to the shareholders of KSL for the year ended 31 March 2017 was HK$2.5 million, which was mainly due to the sample expenses given to the major retailer in South Africa.

Saved as disclosed above, there were no other significant investments held, material acquisition or disposal of subsidiaries and affiliated companies, and other plans for material investments or capital assets during the year ended 31 March 2017.

Guarantees

During the year, a Hong Kong subsidiary of the Group has committed to provide corporate guarantees to three independent third parties in Malaysia in respect of equipment lease agreements entered into between the independent third parties and an associate of the Group. Duration of the agreements were ranging from 48 months to 59 months, with average monthly rent charged to the associate of approximately RM21,000 each (equivalent to approximately HK$37,000 each).

Save as disclosed above, we did not have any material guarantees as at 31 March 2017.

Employees and remuneration policies

As of 31 March 2017, the Group had 28 full-time employees. The Group offers a competitive remuneration package commensurate with industry practice and provides benefits to its employees, including bonuses, medical coverage and provident fund contributions.

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund (the "**MPF**") Scheme. Under the MPF Scheme, each of the Group companies (the employer) and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund Legislation. The contributions from each of the employers and employees are subject to a cap of HK$1,500 per month and thereafter contributions are voluntary.

The Company has adopted a share option scheme as an incentive to its Directors and eligible employees, details of which are set out in the paragraph headed "Share Option Scheme" in the section headed "Management Discussion and Analysis" in our 2016/2017 Annual Report, which will be despatched to the shareholders of the Company in due course.

Capital structure

The trading of the shares of the Company on the Main Board of the Stock Exchange commenced on 26 October 2016. The Group mainly finances its business with internally generated cash flows, bank and other borrowings and proceeds from the Listing. The Group has bank borrowings of HK$104.7 million (31 March 2016: HK$25.2 million) and notes payable of HK$50.0 million (31 March 2016: Nil) as at 31 March 2017.

Foreign currency exposure

Our Group's revenue and expenses are mainly in Hong Kong dollar which is the functional currency of most of the entities making up the Group. As it is expected that there will be an increase in revenue from overseas markets such as Indonesia and Malaysia, the Directors believe that the Group will be exposed to foreign exchange risk due to exchange rate fluctuations. After considering the current and future exchange rate level and the foreign currency market for Indonesia and Malaysia, the Group does not adopt any foreign currency hedging measure as at the date of this announcement. However, the Group will monitor its foreign exchange exposure and will consider hedging the foreign currency exposure should the need arises.

Gearing ratio

As at 31 March 2017, the gearing ratio of the Group was 78.7% (31 March 2016: 19.3%), which is calculated on the basis of the amount of total debts divided by the total equity. Such increase was due to the new bank and other borrowings and notes payable that were drawn down during the year ended 31 March 2017.

Final dividend

The Board did not recommend the payment of any dividend for the year ended 31 March 2017 (31 March 2016: Nil).

The Company is not aware of any arrangement under which a shareholder has waived or agreed to waive any dividends.

Comparison of Business Objectives with Actual Business Progress

An analysis comparing the business objectives as set out in the Company's prospectus (the "**Prospectus**") dated 13 March 2015 with actual business progress for the year ended 31 March 2017 is as follows:

	Business objectives for the period from 1 April 2016 to year ended 31 March 2017 as stated in the Prospectus	Actual business progress for the period from 1 April 2016 to year ended 31 March 2017
Further expand in international markets through customisation of our lighting products and appointment of distributors	– Expand sales and marketing team for international markets – Identify and establish overseas distributorship for international markets – Conduct visits to existing overseas distributors for sales and marketing	– Our Group employed additional staff for international markets during the year – Our Group conducted several visits to overseas like Malaysia and Indonesia for exploring new potential cooperation and business opportunities, and secured new business during the year
Continue to expand in the PRC markets through offering our Consultancy Services or entering into strategic partnerships	– Expand project management team to assist Consultancy service customers – Identify and work with potential Consultancy service customers	– Our Group conducted several visits to PRC for exploring new potential cooperation and business opportunities
Continue to expand our energy saving solutions business in Hong Kong	– Expand sales and marketing team for Hong Kong office – Expand project management team – Identify potential strategic partners and establish partnership	– Our Group expanded the sales and marketing team for Hong Kong office during the year
Enhance our research and development capabilities	– Continue to enhance existing lighting products – Continue to source lighting products to diversify lighting solution – Expand our research and development team – Acquire additional lighting testing equipment for research and development – Register new patent if applicable	– Our Group was developing a series of LED lighting with higher lumen per watt, lesser lumen depreciation and longer life time – Our Group acquired additional lighting testing equipment for research and development during the year

	Business objectives for the period from 1 April 2016 to year ended 31 March 2017 as stated in the Prospectus	Actual business progress for the period from 1 April 2016 to year ended 31 March 2017
Engage in marketing activities to enhance our brand image and recognition	– Participate in Hong Kong lighting and energy saving related exhibition including Hong Kong International Lighting Fair (2016 Spring Edition and 2016 Autumn Edition) – Participate in international lighting and energy saving related exhibition including the lighting fairs in Japan	– Our Group won the "Green Social Care Excellence Award (綠色社會關愛卓越獎)" in the "Nobel Laureate Series: Social Caring Pledge Award Presentation Ceremonies" jointly launched by the Social Enterprise Research Institute and the Asian College of Knowledge Management during the year – Our Group won the "EcoPartner" in the "2015 BOCHK Corporate Environmental Leadership Awards" jointly launched by the Federation of Hong Kong Industries and Bank of China during the year – Our Group won the "Sustainable Business Award 2016" launched by the World Green Organisation during the year – Our Group made television advertisements during the year – Our Group held an investor luncheon during the year – Our Group sponsored the Green WALK HK 2016 held by the World Green Organisation during the year – Our Group was selected in the 2017 Forbes China Top 100 Most Promising Public Listed Company

Use of Proceeds

The net proceeds from the Listing, after deducting the underwriting commission and other expenses in connection with the Listing, amounted to approximately HK$7.1 million. An analysis comparing the breakdown of the intended use of such net proceeds from the Listing in proportion to that as set out in the Prospectus with actual usage for the year ended 31 March 2017 is as follows:

	Use of proceeds for the year ended 31 March 2017 in proportion to that as stated in the Prospectus *HK$ million*	**Actual use of proceeds for the year ended 31 March 2017** *HK$ million*
Expansion of our Group's business in international markets	1.0	1.0
Expansion of our Group's business in the PRC	0.3	0.3
Expansion of our Group's business in Hong Kong	0.6	0.6
Marketing activities to enhance our brand image and recognition	0.6	0.7
Enhance our research and development capabilities	0.5	0.5
Total	3.0	3.1

Subsequent Events

Subsequent to the year ended 31 March 2017, on 22 May 2017, Synergy Group Worldwide Limited ("**Synergy Worldwide**"), a wholly-owned subsidiary of the Company, completed an acquisition of an aggregate of 13.25% in SCML from two other shareholders of SCML. Synergy Worldwide has become interested in approximately 49.84% of the issued shares of SCML upon completion.

Details of the acquisition are set out in the announcement of the Company dated 23 May 2017.

Future Outlook

The enforcement of Paris Agreement on 4 November 2016 marks the embarkation of a new journey for a global alliance in transitioning to a low carbon future. On the other hand, 2016 opens a new page for China with the introduction of the 13th Five-Year Plan emphasizing on resources conservation, environment restoration and protection as well as alternative energy. With such a positive momentum around the world, together with our expertise in the industry, we foresee the Group aspiring to a great height in the coming years as there will be a significant increase in the demand of energy saving and environmental protection services and products. In addition to the stable recurring revenue generated from our core business, the Group strives to firmly seize all these opportunities to achieve the maximum return to our stakeholders.

The Group currently has its footprints in over 20 countries, particularly, we provide energy saving business to countries involved in the Belt and Road Initiative such as Indonesia, Malaysia, Singapore and South Africa. The Belt and Road Initiative offers a visionary blueprint to stimulate economic, technological and infrastructure development for countries along the Silk Road. With our solid foundation in some of these countries, our strategic imperatives and proactive involvement in The Belt and Road-related conferences, we have a staunch belief that the Belt and Road would facilitate immense development potential, especially in the emerging countries, for the Group to expand its business in countries along the Silk Road to share prosperity between us and our customers.

Besides the persistent pursuit of expansion in our existing energy saving business to new markets and broadening of our customer base, we are devoted in exploring new technology innovation and advancement to diversify our business for sustainable growth of the Group. Apart from the lighting and cooling segments which we have invested in, we also see the growth potentials in other environmental business sectors, such as the renewable (solar) energy, energy storage and environmental remediation; and it is our business strategy to tap into and establish ourselves in these markets. Our expansion into these markets would be multifold and may take the form of strategic partnerships, collaborations with institutions, R&D or investments. Our long-term goal is to provide a fully integrated and centralized platform from technologies, funding, implementation, to operation and maintenance in the field of energy saving and management as well as environmental protection.

Overall, taking advantage of the favorable environmental policies adopted worldwide, together with our proprietary technology, highly professional team of engineers and scientists, in combination with our unique business model, the Group is well-positioned to utilize its full potential and strength to bring a new era of business development, to maintain sustainable growth and to maximise return to our stakeholders.

Principal Risks and Uncertainties

- Our consultancy services, which are provided by the Group to third parties in assisting them in providing energy saving services in their markets, provided to our customers were project-based and demand for our consultancy services may fluctuate.

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

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

- There may be changes in consumer preferences and habits in green technologies.

- Our borrowings and notes issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk respectively.

- We are exposed to foreign currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2017.

CORPORATE GOVERNANCE

The Board is committed to achieving and maintaining high standards of corporate governance. The Board believes that good corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value, transparency and accountability, and to formulate its business strategies and policies.

The Company has applied the principles as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules.

The Board is of the view that, throughout the year ended 31 March 2017, the Company has complied, to the extent applicable and permissible, with the code provisions set out in the CG Code, except for the deviation from code provision A.2.1 as explained below:

Under code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. WONG Man Fai Mansfield is the Chairman of the Board and the Chief Executive Officer of the Company. Mr. WONG has been leading our Group as the Chief Executive Officer of the Company and one of our subsidiaries since 2009, thus, the Board believes that it is in the best interest of the Group to continue to have Mr. WONG stay as the Chief Executive Officer and leader of the Board for effective management of our Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently comprises three independent non-executive Directors and has a fairly strong independence element in its composition. Therefore, the Board considers that the deviation from code provision A.2.1 is appropriate in the circumstances. The Board will review the management structure regularly and consider separating the roles of chairman and chief executive, if and when appropriate.

COMPLIANCE WITH THE MODEL CODE AND SECURITIES DEALING CODE

The Company has adopted its own code of conduct for dealing in securities of the Company by the Directors and the relevant employees of the Group who are likely to be in possession of unpublished inside information of the Company (the "**Securities Dealing Code**") on terms no less exacting than the standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules. Having made specific enquiries with all Directors and relevant employees, all Directors and relevant employees have confirmed that they have complied with the Securities Dealing Code and therefore, complied with the Model Code throughout the year ended 31 March 2017 and up to the date of this announcement.

AUDIT COMMITTEE AND REVIEW OF CONSOLIDATED FINANCIAL INFORMATION

The audit committee of the Board ("**Audit Committee**") consists of three independent non-executive Directors, namely Mr. CHUNG Koon Yan (Chairman), Mr. CHEUNG Yick Hung Jackie and Dr. WONG Chi Ying Anthony, with Mr. CHUNG possessing the appropriate professional qualifications and accounting and related financial management expertise.

The main duties of the Audit Committee are to assist the Board in providing an independent review of the completeness, accuracy and fairness of the financial information of the Group, as well as the efficiency and effectiveness of the Group's operations and internal controls.

The Audit Committee has reviewed the annual results of the Group for the year ended 31 March 2017, including the accounting principles and practices adopted by the Group and was of the opinion that the preparation of such annual results complied with the applicable accounting standards, the Listing Rules and legal requirements and that adequate disclosures had been made.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") is planned to be held on Friday, 15 September 2017. A notice convening the AGM and other relevant documents will be published and despatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will (so long as the AGM remains to be Friday, 15 September 2017) be closed from Monday, 11 September 2017 to Friday, 15 September 2017, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all duly completed and signed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 8 September 2017.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the applicable laws of the Cayman Islands where the Company is incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 March 2017 as set out in the announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.synergy-group.com). The annual report of the Company for the year ended 31 March 2017 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and made available on the same websites in due course.

By order of the Board
Synergy Group Holdings International Limited
Wong Man Fai Mansfield
Chairman, Chief Executive Officer and
Executive Director

Hong Kong, 28 June 2017

As at the date of this announcement, the executive Directors are Mr. Wong Man Fai Mansfield and Mr. Lam Arthur; and the independent non-executive Directors are Mr. Chung Koon Yan, Mr. Cheung Yick Hung Jackie and Dr. Wong Chi Ying Anthony.