



**Synergy Group**  
New Benchmark for Energy Saving

**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)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號: 1539

E N V I R O N M E N

T A L P R O T E C T

I O N - C A R B O N

R E D U C T I O N -

E N E R G Y S A V I

N G - S Y N E R G Y

**2016/2017**

Interim Report

中期報告

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Interim Report 2016/2017

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# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

Mr. Wong Man Fai Mansfield  
*(Chairman and Chief Executive Officer)*  
Mr. Lam Arthur  
*(Vice Chairman)*

### Non-executive Director

Mr. Lam Chung Ho Alastair  
*(Resigned on 19 December 2016)*

### Independent Non-executive Directors

Mr. Chung Koon Yan  
Mr. Cheung Yick Hung Jackie  
Dr. Wong Chi Ying Anthony

### Registered Office in Cayman Islands

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### Headquarters and Principal Place of Business in Hong Kong

Room 404B, 4/F  
Block B, Seaview Estate  
Nos. 4-6 Watson Road  
North Point  
Hong Kong

### Company Website

[www.synergy-group.com](http://www.synergy-group.com)

## BOARD COMMITTEES

### Audit Committee

Mr. Chung Koon Yan *(Chairman)*  
Mr. Cheung Yick Hung Jackie  
Dr. Wong Chi Ying Anthony

### Remuneration Committee

Mr. Cheung Yick Hung Jackie *(Chairman)*  
Mr. Chung Koon Yan  
Dr. Wong Chi Ying Anthony

### Nomination Committee

Dr. Wong Chi Ying Anthony *(Chairman)*  
Mr. Chung Koon Yan  
Mr. Cheung Yick Hung Jackie

### Company Secretary

Mr. Tong Man Chun, *CPA, CPA (Aust.)*

### Compliance Officer

Mr. Wong Man Fai Mansfield

### Authorised Representatives

Mr. Wong Man Fai Mansfield  
Mr. Tong Man Chun

# CORPORATE INFORMATION

## Principal Share Registrar and Transfer Office in Cayman Islands

Codan Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited  
Level 22  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

## Compliance Adviser

CLC International Limited  
13/F, Nan Fung Tower  
88 Connaught Road Central  
Central  
Hong Kong

## Hong Kong Legal Adviser

Chiu & Partners  
40th Floor, Jardine House  
1 Connaught Place  
Hong Kong

## Auditor

BDO Limited  
25th Floor  
Wing On Centre  
111 Connaught Road Central  
Hong Kong

## Principal Banker

The Hong Kong and Shanghai Banking Corporation Limited  
Hay Wah Building Branch  
G/F, Hay Wah Building  
71-85 Hennessy Road  
Wanchai  
Hong Kong

## Stock Code\*

GEM: 8105 (until 25 October 2016)  
Main Board: 1539 (with effect from 26 October 2016)

\* The listing of the Company's shares has been transferred from the Growth Enterprise Market to the Main Board of The Stock Exchange of Hong Kong Limited on 26 October 2016.

# FINANCIAL HIGHLIGHTS

	For the six months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Revenue	127,593	55,920
Leasing services of lighting systems	71,288	6,997
Trading of lighting products	42,619	37,621
Consultancy Service	13,686	11,302
Profit attributable to the owners of the Company	42,166	16,888
Basic earnings per share (HK cents)	8.4	3.4

- The Group's revenue for the six months ended 30 September 2016 was HK\$127.6 million, representing an increase of 128.2% over the revenue of HK\$55.9 million for the six months ended 30 September 2015.
- The Group's profit attributable to the owners of the Company for the six months ended 30 September 2016 was HK\$42.2 million, representing an increase of 149.7% over HK\$16.9 million for the six months ended 30 September 2015.
- No dividends have been paid or declared by the Company during the six months ended 30 September 2016.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

Synergy Group Holdings International Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**” or “**Our Group**”) have been engaging in providing energy management solutions to our clients since 2008 and are an early entrant in this market. We are now one of the leading energy management contract providers for lighting projects in Hong Kong, with full range capabilities on providing a broad range of energy saving services for lighting solutions, product customisation, on-site inspection and measurement, project deployment and after-sales services. The shares of the Company were listed on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 24 March 2015 (the “**Listing**”) and were transferred from GEM to the Main Board of the Stock Exchange on 26 October 2016, which were significant milestones in our corporate development history.

Recently, the Group has been successful in expanding its leasing service into the overseas markets, notably the Indonesian market. For the six months ended 30 September 2016, the Group recorded a total revenue of HK\$127.6 million, representing an increase of 128.2% as compared to HK\$55.9 million for the six months ended 30 September 2015. For the six months ended 30 September 2016, profit attributable to the owners of the Company amounted to HK\$42.2 million, representing an increase of 149.7% as compared to the corresponding amount of HK\$16.9 million for the six months ended 30 September 2015.

Revenue generated from our trading segment increased by 13.3% from HK\$37.6 million for the six months ended 30 September 2015 to HK\$42.6 million for the six months ended 30 September 2016 mainly due to the increase in sales of LED products. Revenue generated from

our leasing service segment increased by more than 9 times from HK\$7.0 million for the six months ended 30 September 2015 to HK\$71.3 million for the six months ended 30 September 2016 as a result of an increase in number of contracts in the overseas markets especially Indonesia, while revenue generated from our consultancy service segment increased by 21.1% from HK\$11.3 million for the six months ended 30 September 2015 to HK\$13.7 million for the six months ended 30 September 2016 mainly due to an additional contract entered into during the period. Details of segment information are set out in Note 3 to the unaudited condensed consolidated financial statements.

The Group recorded a success in its leasing service segment due to its continuous effort in expanding into the overseas markets, in view of the increase in awareness of environmental protection and growing global demand for energy saving services and products in order to meet carbon emission reduction targets. The Group is in different stages of expansion in the overseas markets. While the Group’s leasing service business in the Indonesian and the Malaysian markets has started to generate revenue for the Group, the Group is also at various stages of business discussions with potential clients in Indonesia, South Africa and Malaysia, ranging from project initiation, memorandum of understanding and energy management contracts negotiation, pilot trial runs to project deployment.

Benefiting from the increasing awareness of energy saving products and services globally, the Group, being an early entrant in provision of energy saving solutions, is well-positioned to further enhance both our local and global presence.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

Total revenue was HK\$127.6 million for the six months ended 30 September 2016, representing a 128.2% increase as compared to that for the six months ended 30 September 2015. Such increase was mainly a result of our recent rapid development in the Indonesian market which, in turn, was mainly due to successfully securing sizable contracts serving a major Indonesian conglomerate end-user which operates substantial number of supermarkets, department stores and shopping malls. Gross profit margin decreased from 55.2% for the six months ended 30 September 2015 to 50.6% for the six months ended 30 September 2016. Such decrease was mainly 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 our consultancy service ("**Consultancy Service**").

Other income and gains increased from approximately HK\$1.2 million for the six months ended 30 September 2015 to HK\$3.2 million for the six months ended 30 September 2016 mainly due to the net foreign exchange gain of HK\$2.2 million as a result of the appreciation of Indonesian Rupiah against Hong Kong dollar during the period.

### Selling and distribution costs

The Group's selling and distribution costs for the six months ended 30 September 2016 were HK\$2.9 million, representing an increase of 86.6% from HK\$1.6 million for the six months ended 30 September 2015. The increase was mainly due to an 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 from leasing service segment and trading segment in future.

### Administrative expenses

The Group's administrative expenses for the six months ended 30 September 2016 were HK\$9.8 million, representing an increase of 35.3% from HK\$7.2 million for the six months ended 30 September 2015. 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 remuneration of the directors of the Company (the "**Directors**") and salaries expenses as a result of increase in headcount due to the Group's expansion and salaries increment.

### Finance costs

The Group's finance costs increased from approximately HK\$69,000 for the six months ended 30 September 2015 to approximately HK\$538,000 for the six months ended 30 September 2016. The increase was mainly due to the interest expenses arising from the new bank borrowings since September 2015. As at 30 September 2016, total outstanding borrowings of the Group was HK\$58.8 million (31 March 2016: HK\$25.5 million).

### Other expenses

The Group's other expenses decreased from approximately HK\$476,000 for the six months ended 30 September 2015 to approximately HK\$361,000 for the six months ended 30 September 2016. Such expenses were derived from the disposal of property, plant and equipment during the period.

### Income tax expense

The Group's income tax expense for the six months ended 30 September 2016 was HK\$9.6 million, representing an increase of 137.4% from HK\$4.1 million for the six months ended 30 September 2015. The increase was mainly due to the increase in taxable income.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Profit for the period

As a result of the foregoing, our profit attributable to the owners of the Company increased by 149.7% from HK\$16.9 million for the six months ended 30 September 2015 to HK\$42.2 million for the six months ended 30 September 2016.

## CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The Group mainly finances its business with internally generated cash flows, bank borrowings and proceeds from the Listing. As at 30 September 2016, current assets of the Group amounted to HK\$172.8 million, representing an increase of 16.4% from HK\$148.4 million as at 31 March 2016. Current assets mainly comprised cash and bank balances (including a pledged bank deposit) of HK\$10.7 million (31 March 2016: HK\$29.1 million), trade receivables of HK\$87.0 million (31 March 2016: HK\$84.9 million) and deposits, prepayments and other receivables of HK\$38.2 million (31 March 2016: HK\$9.5 million). As at 30 September 2016, the Group's current liabilities mainly comprised borrowings of HK\$58.6 million (31 March 2016: HK\$25.3 million), trade payables of HK\$8.7 million (31 March 2016: HK\$16.3 million) and accruals, other payables and deposits received of HK\$16.9 million (31 March 2016: HK\$7.3 million). The Group's current ratio decreased from 2.6 times as at 31 March 2016 to 1.8 times as at 30 September 2016.

The total outstanding borrowings of the Group as at 30 September 2016 was HK\$58.8 million (31 March 2016: HK\$25.5 million) due to banks and an independent third party. The increase was due to the new bank borrowings of HK\$34.3 million that were drawn during the period.

As at 30 September 2016, the Group's equity attributable to the owners of the Company was HK\$174.4 million, representing an increase of 31.9% from HK\$132.2 million as at 31 March 2016.

As at 30 September 2016, 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 trade 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 30 September 2016.

## CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 September 2016.

## 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 27.17% (subsequently increased to approximately 36.59% in October 2015 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 six months ended 30 September 2016 was HK\$7.1 million, representing an increase of 47.9% from HK\$4.8 million for the six months ended 30 September 2015. 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 six months ended 30 September 2016 remained stable at HK\$6.7 million when compared to HK\$6.5 million for the six months ended 30 September 2015.

# MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 September 2016, advances of HK\$7.4 million were made by the Group to the Cooling Group at interest rate of 5% per annum (31 March 2016: HK\$4.5 million).

## GUARANTEES

During the period, a Hong Kong subsidiary of the Group has committed to provide corporate guarantees to two 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 ranged from 48 months to 59 months, with average monthly rent charged to the associate of approximately RM23,000 each (equivalent to approximately HK\$46,000 each).

Save as disclosed above, we did not have any material guarantees as at 30 September 2016.

## EMPLOYEES AND REMUNERATION POLICIES

As of 30 September 2016, 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 (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 of the Group, details of which are set out in the paragraph headed "Share Option Scheme" in the section headed "Management Discussion and Analysis" in our 2015/2016 Annual Report.

No share option has been granted under the Company's share option scheme since its adoption.

## FOREIGN CURRENCY EXPOSURE

Our Group's revenue and expenses are mainly in Hong Kong dollar which is the functional currency of all 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 as a result of the expansion of the Group's leasing service business in these countries, 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 report. 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 30 September 2016, the gearing ratio of the Group was 33.7% (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 borrowings that were drawn down during the period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## DIVIDEND

The board of Directors (the “**Board**”) did not recommend the payment of any dividend for the six months ended 30 September 2016.

## 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 six months ended 30 September 2016 is as follows:

	<b>Business objectives for the period from 1 April 2016 to 30 September 2016 as stated in the Prospectus</b>	<b>Actual business progress for the period from 1 April 2016 to 30 September 2016</b>
Further expand in international markets through customisation of our lighting products and appointment of distributors	<ul style="list-style-type: none"> <li>– Expand sales and marketing team for international markets</li> <li>– Identify and establish overseas distributorship for international markets</li> <li>– Conduct visits to existing overseas distributors for sales and marketing</li> </ul>	<ul style="list-style-type: none"> <li>– Our Group employed additional staff for international markets during the period</li> <li>– Our Group conducted several visits to overseas like Indonesia, Malaysia and South Africa for exploring new potential cooperation and business opportunities</li> </ul>
Continue to expand in the PRC markets through offering our Consultancy Service or entering into strategic partnerships	<ul style="list-style-type: none"> <li>– Expand project management team to assist Consultancy Service customers</li> <li>– Identify and work with potential Consultancy Service customers</li> </ul>	<ul style="list-style-type: none"> <li>– Our Group conducted several visits to PRC for exploring new potential cooperation and business opportunities</li> </ul>

# MANAGEMENT DISCUSSION AND ANALYSIS

	<b>Business objectives for the period from 1 April 2016 to 30 September 2016 as stated in the Prospectus</b>	<b>Actual business progress for the period from 1 April 2016 to 30 September 2016</b>
Continue to expand our energy saving solutions business in Hong Kong	<ul style="list-style-type: none"> <li>- Expand sales and marketing team for Hong Kong office</li> <li>- Expand project management team</li> <li>- Identify potential strategic partners and establish partnership</li> </ul>	<ul style="list-style-type: none"> <li>- Our Group expanded the sales and marketing team for Hong Kong office during the period</li> </ul>
Enhance our research and development capabilities	<ul style="list-style-type: none"> <li>- Continue to enhance existing lighting products</li> <li>- Continue to source lighting products to diversify lighting solution</li> <li>- Expand our research and development team</li> <li>- Acquire additional lighting testing equipment for research and development</li> <li>- Register new patent if applicable</li> </ul>	<ul style="list-style-type: none"> <li>- Our Group was developing a series of LED lighting with higher lumen per watt, lesser lumen depreciation and longer life time</li> <li>- Our Group acquired additional lighting testing equipment for research and development during the period</li> </ul>

# MANAGEMENT DISCUSSION AND ANALYSIS

	<b>Business objectives for the period from 1 April 2016 to 30 September 2016 as stated in the Prospectus</b>	<b>Actual business progress for the period from 1 April 2016 to 30 September 2016</b>
Engage in marketing activities to enhance our brand image and recognition	<ul style="list-style-type: none"> <li>- Participate in lighting and energy saving related exhibitions held in Hong Kong including the Hong Kong International Lighting Fair (2016 Spring Edition)</li> <li>- Participate in international lighting and energy saving related exhibitions including the lighting fair in Japan</li> </ul>	<ul style="list-style-type: none"> <li>- 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 period</li> <li>- 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 period</li> <li>- Our Group won the "Sustainable Business Award 2016" launched by the World Green Organisation during the period</li> </ul>

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 six months ended 30 September 2016 is as follows:

	<b>Use of proceeds for the six months ended 30 September 2016 in proportion to that as stated in the Prospectus</b>	<b>Actual use of proceeds for the six months ended 30 September 2016</b>
	HK\$ million	HK\$ million
Expansion of our Group's business in international markets	0.5	0.7
Expansion of our Group's business in the PRC	0.2	0.3
Expansion of our Group's business in Hong Kong	0.3	0.3
Marketing activities to enhance our brand image and recognition	0.3	0.2
Enhance our research and development capabilities	0.2	0.3
<b>Total</b>	<b>1.5</b>	<b>1.8</b>

## FUTURE OUTLOOK

The Directors believe that since the beginning of the large scale development of energy saving business in the late 1980s or early 1990s with its principal aim to combat with the rising energy costs, there has also been increasing awareness of environmental protection around the globe due to severe climate change. The Group is optimistic towards the outlook of the energy saving business because of the increasing need for energy efficiency for the environment as well as the need for costs saving. After the announcement of the 2015 Paris Climate Conference, the Directors believe that there has been an increase in the awareness of environmental protection, carbon emission reduction commitment and demand for energy saving services and products, especially in countries in Asia and South Africa. The Directors also believe that governmental regulations on energy efficiency and the need to control or reduce operating costs for most corporations also drive the demand for energy saving services and products.

# MANAGEMENT DISCUSSION AND ANALYSIS

Riding on the anticipated increasing demand for energy saving services and products, the Group will continue to take proactive business strategies to develop and expand its energy saving services and products offerings. The Group will continue to expand its business in the domestic and global markets through customisation of its lighting products, appointment of distributors and entering into strategic partnerships with potential business partners worldwide. With the successful penetration of the Group's leasing service business into the Indonesian and the Malaysian markets, the Group intends to continue to build on its energy saving business track record in Hong Kong and those overseas countries to expand locally in Hong Kong and overseas, especially those potential markets in Asia and South Africa.

While the Group is expanding its business, in particular its leasing services, in the overseas markets, in addition to foreign currency exposure, the Group is also facing other risks in operating in the overseas markets, such as changes in the political, legal or economic conditions of the local markets, natural disasters or availability of human sources; and the Group will be cautious in the expansion of its overseas markets.

As at the date of this report, the Group was in active business negotiation to provide leasing services to a major retailer which owns and operates supermarket stores throughout South Africa, and was at the stage of commencing the final trial run and entered into contractual negotiation in selected outlets of such potential client.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2016, the interests and short positions of the Directors and chief executives of our Company in the shares, underlying shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") required to be notified to our Company and the Stock Exchange, were as follows:

# MANAGEMENT DISCUSSION AND ANALYSIS

## Long positions in the ordinary shares of HK\$0.01 each of the Company

Name of Director	Nature of Interest and Capacity	Number of Shares	Approximate Percentage of Issued Share Capital
Mr. LAM Chung Ho Alastair <sup>(Note 1)</sup>	Beneficial owner	49,800,734	9.96%
Mr. WONG Man Fai Mansfield <sup>(Note 2)</sup>	Interest in controlled corporation	47,249,204	9.45%
Mr. LAM Arthur	Beneficial owner	35,464,437	7.09%

### Notes:

1. Mr. LAM Chung Ho Alastair resigned as the Non-executive Director on 19 December 2016.
2. Abundance Development Limited is wholly-owned by Mr. WONG Man Fai Mansfield. Under the SFO, Mr. WONG Man Fai Mansfield is deemed to be interested in all the shares of the Company owned by Abundance Development Limited.

Save as disclosed above, so far as was known to the Directors, as at 30 September 2016, none of our Directors or chief executives of our Company had any interest or short position in the shares, underlying shares or debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as our Directors are aware, as at 30 September 2016, the persons/entities (other than the Directors or chief executives of our Company) who had interests or short positions in the shares or underlying shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of our Company required to be kept under section 336 of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group were as follows:

# MANAGEMENT DISCUSSION AND ANALYSIS

## Long positions in the ordinary shares of HK\$0.01 each of the Company

Name of Shareholder	Nature of Interest and Capacity	Number of Shares	Approximate Percentage of Issued Share Capital
Abundance Development Limited <sup>(Note 1)</sup>	Beneficial owner	47,249,204	9.45%
Ms. CAI Linda Xin Xin <sup>(Note 2)</sup>	Interest of spouse	47,249,204	9.45%
Ms. LIANG Wai Yun Fiona <sup>(Note 3)</sup>	Interest of spouse	35,464,437	7.09%

Notes:

1. Abundance Development Limited is wholly-owned by Mr. WONG Man Fai Mansfield.
2. Ms. CAI Linda Xin Xin is the spouse of Mr. WONG Man Fai Mansfield. Under the SFO, Mr. WONG Man Fai Mansfield is deemed to be interested in all the shares of the Company owned by Abundance Development Limited, and Ms. CAI Linda Xin Xin is deemed to be interested in all the shares of the Company in which Mr. WONG Man Fai Mansfield is interested.
3. Ms. LIANG Wai Yun Fiona is the spouse of Mr. LAM Arthur. Under the SFO, Ms. LIANG Wai Yun Fiona is deemed to be interested in all the shares of the Company in which Mr. LAM Arthur is interested.

Save as disclosed above, as at 30 September 2016, the Directors were not aware of any persons/entities who had any interest or short position in the securities of the Company that would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO.

## 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 six months ended 30 September 2016.

# MANAGEMENT DISCUSSION AND ANALYSIS

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

As of 30 September 2016, none of the Directors, substantial shareholders or their respective close associates (as defined under the Listing Rules) had held any position or had any interest in any businesses or companies that were or might be materially, either directly or indirectly, competing with the business of the Group, or gave rise to any concern regarding conflict of interests during the six months ended 30 September 2016.

## 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 adopted the principles and code provisions set out in the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix 14 to the Listing Rules.

The Board is of the view that, throughout the six months ended 30 September 2016, the Company has complied, to the extent applicable and permissible, with the code provisions set out in the Corporate Governance Code, except for the deviation from code provision A.2.1 as explained below:

Code provision A.2.1 of the Corporate Governance Code states that 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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. 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 six months ended 30 September 2016 and up to the date of this report.

## DISCLOSURE OF DIRECTOR'S INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Mr. LAM Chung Ho Alastair resigned as the Non-executive Director on 19 December 2016.

## AUDIT COMMITTEE

The Audit Committee of the Board was established with its written terms of reference in compliance with Rules 3.21 to 3.23 of the Listing Rules and code provision C.3.3 of the Corporate Governance Code. The Audit Committee comprises three Independent Non-executive Directors, namely Mr. CHUNG Koon Yan (Chairman of the Audit Committee), Mr. CHEUNG Yick Hung Jackie and Dr. WONG Chi Ying Anthony.

The financial information contained in this report for the six months ended 30 September 2016 has not been audited nor reviewed by the Company's auditor, but has been reviewed by the Audit Committee, which was of opinion that such financial information complied with the applicable accounting standards, the Listing Rules and legal requirements and that adequate disclosures had been made.

By order of the Board  
**Synergy Group Holdings International Limited**  
**Wong Man Fai Mansfield**

*Chairman, Chief Executive Officer and  
executive Director*

Hong Kong, 15 November 2016

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2016

	Notes	Six months ended 30 September	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
<b>Revenue</b>	4(a)	<b>127,593</b>	55,920
Cost of sales		<b>(63,025)</b>	(25,072)
<b>Gross profit</b>		<b>64,568</b>	30,848
Other income and gains	4(b)	<b>3,237</b>	1,212
Administrative expenses		<b>(9,785)</b>	(7,234)
Selling and distribution costs		<b>(2,941)</b>	(1,576)
Finance costs	5	<b>(538)</b>	(69)
Other expenses		<b>(361)</b>	(476)
Share of results of associates		<b>(2,367)</b>	(1,753)
<b>Profit before income tax</b>	6	<b>51,813</b>	20,952
Income tax expense	7(a)	<b>(9,647)</b>	(4,064)
<b>Profit for the period</b>		<b>42,166</b>	16,888
<b>Other comprehensive income for the period</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Share of other comprehensive income of an associate		<b>20</b>	(4)
<b>Total comprehensive income for the period attributable to the owners of the Company</b>		<b>42,186</b>	16,884
<b>Earnings per share for profit attributable to the owners of the Company during the period</b>			
– Basic (HK cents)	9	<b>8.4</b>	3.4

Details of the proposed dividend for the period are disclosed in note 8.

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

	Notes	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		2,028	2,696
Interests in associates		22,755	26,062
Finance lease receivables		71,166	12,234
Rental deposits		235	–
		<b>96,184</b>	40,992
<b>Current assets</b>			
Inventories		14,994	13,721
Trade receivables	10	87,002	84,941
Finance lease receivables		9,916	2,510
Deposits, prepayments and other receivables		38,241	9,509
Due from associates		11,969	8,667
Pledged bank deposit		2,500	2,500
Cash and cash equivalents		8,196	26,576
		<b>172,818</b>	148,424
<b>Current liabilities</b>			
Trade payables	11	8,709	16,323
Accruals, other payables and deposits received		16,910	7,348
Borrowings	12	58,620	25,280
Due to a related company		280	112
Provision for taxation		9,777	7,635
		<b>94,296</b>	56,698
<b>Net current assets</b>		<b>78,522</b>	91,726
<b>Total assets less current liabilities</b>		<b>174,706</b>	132,718
<b>Non-current liabilities</b>			
Deposits received		98	147
Borrowings	12	155	217
Deferred tax liabilities	7(b)	31	118
		<b>284</b>	482
<b>Net assets</b>		<b>174,422</b>	132,236
<b>EQUITY</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital	13	5,000	5,000
Reserves		169,422	127,236
<b>Total equity</b>		<b>174,422</b>	132,236

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2016

	Share capital HK\$'000	Share premium HK\$'000	Capital reserves HK\$'000	Merger reserve HK\$'000	Foreign exchange reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000
<b>At 1 April 2016 (audited)</b>	5,000	34,749	7,388	12,183	(64)	72,980	132,236
Profit for the period	-	-	-	-	-	42,166	42,166
Other comprehensive income							
Share of other comprehensive income of an associate	-	-	-	-	20	-	20
Total comprehensive income for the period	-	-	-	-	20	42,166	42,186
<b>At 30 September 2016 (unaudited)</b>	5,000	34,749	7,388	12,183	(44)	115,146	174,422
<b>At 1 April 2015 (audited)</b>	5,000	34,749	7,388	12,183	5	37,578	96,903
Profit for the period	-	-	-	-	-	16,888	16,888
Other comprehensive income							
Share of other comprehensive income of an associate	-	-	-	-	(4)	-	(4)
Total comprehensive income for the period	-	-	-	-	(4)	16,888	16,884
<b>At 30 September 2015 (unaudited)</b>	5,000	34,749	7,388	12,183	1	54,466	113,787

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2016

	Notes	Six months ended 30 September	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
<b>Cash flows from operating activities</b>			
Profit before income tax		51,813	20,952
Adjustments for:			
Interest income	4(b)	(144)	(28)
Interest expense	5	538	32
Depreciation of property, plant and equipment	6	627	946
Losses on disposals of property, plant and equipment	6	361	476
Share of results of associates		2,367	1,753
Warranty provision, net of reversal	6	908	112
Operating profit before working capital changes		56,470	24,243
(Increase)/decrease in inventories	14	(515)	850
Increase in trade receivables		(2,061)	(24,067)
Increase in finance lease receivables		(66,338)	(3,098)
(Increase)/decrease in deposits, prepayments and other receivables		(28,967)	6,332
Increase in amounts due from associates		(3,302)	(3,670)
Decrease in trade payables		(7,614)	(4,177)
Increase in amount due to a related company		168	168
Increase/(decrease) in accruals, other payables and deposits received		8,605	(1,608)
Cash used in operations		(43,554)	(5,027)
Income tax paid		(7,592)	(5,413)
<b>Net cash used in operating activities</b>		<b>(51,146)</b>	<b>(10,440)</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(168)	(1,941)
Proceeds from disposals of property, plant and equipment		50	57
Interest income received		144	28
Increase in pledged bank deposit		-	(2,500)
<b>Net cash generated from/(used in) investing activities</b>		<b>26</b>	<b>(4,356)</b>
<b>Cash flows from financing activities</b>			
Interest paid on borrowings		(538)	(32)
New borrowings		34,300	8,000
Repayment of borrowings		(1,022)	(55)
<b>Net cash generated from financing activities</b>		<b>32,740</b>	<b>7,913</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(18,380)</b>	<b>(6,883)</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>26,576</b>	<b>27,735</b>
<b>Cash and cash equivalents at end of the period</b>		<b>8,196</b>	<b>20,852</b>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

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 shares of the Company were listed on GEM of the Stock Exchange on 24 March 2015. Subsequent to the end of the reporting period, the shares of the Company have been listed on the Main Board of the Stock Exchange since 26 October 2016.

The principal activity of the Company is investment holding. The Group is principally engaged in provision of leasing service, consultancy service and trading of lighting products.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of compliance

The unaudited condensed consolidated financial statements have been prepared in accordance with the disclosure requirements of the Listing Rules, the accounting principles generally accepted in Hong Kong and the relevant Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2016 except that the Group has adopted the newly issued and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which are effective for the annual period beginning on 1 April 2016, as disclosed in the annual financial statements for the year ended 31 March 2016. The adoption of these new and revised HKFRSs does not have significant impact on the Group's results of operations and financial position.

These unaudited condensed consolidated financial statements should be read in conjunction with the annual report for the year ended 31 March 2016.

### (b) Basis of measurement

These unaudited condensed consolidated financial statements have been prepared under the historical cost basis.

### (c) Functional and presentation currency

These unaudited condensed consolidated financial statements are presented in Hong Kong Dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 3. SEGMENT INFORMATION

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

- (1) Provision of leasing services of lighting systems;
- (2) Trading of lighting products; and
- (3) Provision of Consultancy Services on leasing service of lighting systems.

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

	Leasing services of lighting systems HK\$'000	Trading of lighting products HK\$'000	Consultancy Service HK\$'000	Total HK\$'000
<b>Six months ended 30 September 2016 (unaudited)</b>				
<b>Revenue from external customers</b>	71,288	42,619	13,686	127,593
<b>Reportable segment profit</b>	34,894	14,849	12,927	62,670
<b>Capital expenditure</b>	8	-	-	8
<b>Depreciation</b>	545	-	-	545
<b>Six months ended 30 September 2015 (unaudited)</b>				
Revenue from external customers	6,997	37,621	11,302	55,920
Reportable segment profit	3,598	15,734	10,467	29,799
Capital expenditure	1,901	-	-	1,901
Depreciation	878	-	-	878

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 3. SEGMENT INFORMATION (CONTINUED)

	Leasing services of lighting systems HK\$'000	Trading of lighting products HK\$'000	Consultancy Service HK\$'000	Total HK\$'000
<b>As at 30 September 2016 (unaudited)</b>				
<b>Reportable segment assets</b>	<b>132,643</b>	<b>65,215</b>	<b>23,768</b>	<b>221,626</b>
<b>Reportable segment liabilities</b>	<b>13,937</b>	<b>3,406</b>	<b>56</b>	<b>17,399</b>
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:

	Six months ended 30 September	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Reportable segment profit	62,670	29,799
Unallocated corporate income	3,237	1,093
Unallocated corporate expenses	(11,189)	(8,118)
Finance costs	(538)	(69)
Share of results of associates	(2,367)	(1,753)
Profit before income tax	51,813	20,952

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 3. SEGMENT INFORMATION (CONTINUED)

	<b>As at 30 September 2016 HK\$'000 (Unaudited)</b>	As at 31 March 2016 HK\$'000
Reportable segment assets	221,626	123,277
Interests in associates	22,755	26,062
Pledged bank deposit	2,500	2,500
Cash and cash equivalents	8,196	26,576
Due from associates	11,969	8,667
Other corporate assets	1,956	2,334
Group assets	269,002	189,416

	<b>As at 30 September 2016 HK\$'000 (Unaudited)</b>	As at 31 March 2016 HK\$'000
Reportable segment liabilities	17,399	19,815
Borrowings	58,775	25,497
Provision for taxation	9,777	7,635
Deferred tax liabilities	31	118
Due to a related company	280	112
Other corporate liabilities	8,318	4,003
Group liabilities	94,580	57,180

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 3. SEGMENT INFORMATION (CONTINUED)

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Hong Kong (domiciled)	<b>26,867</b>	22,801
Japan	<b>15,240</b>	12,101
Australia	<b>17,228</b>	17,410
Malaysia	<b>2,845</b>	3,522
Indonesia	<b>65,402</b>	–
Other overseas regions	<b>11</b>	86
	<b>127,593</b>	55,920

The Group's non-current assets are located in Hong Kong, the place that the Group domiciled.

The geographical location of revenue allocated is based on the location at which the goods delivered and services 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 country of domicile for the purpose of the disclosures as required by HKFRS 8 "Operating Segments".

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 3. SEGMENT INFORMATION (CONTINUED)

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

	Six months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Customer A <sup>##</sup>	n/a	7,500
Customer B <sup>##</sup>	15,240	12,101
Customer C <sup>##</sup>	17,228	17,410
Customer D <sup>#</sup>	13,686	11,302
Customer E <sup>###</sup>	65,402	n/a

<sup>#</sup> Attributable to segment of Consultancy Service

<sup>##</sup> Attributable to segment of trading of lighting products

<sup>###</sup> Attributable to segment of leasing services of lighting systems

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

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 4. REVENUE AND OTHER INCOME AND GAINS

- (a) Revenue of the Group represents the income from trading of lighting products and provisions of leasing services of lighting systems and Consultancy Service. An analysis of revenue is as follows:

	<b>Six months ended 30 September</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Leasing services of lighting systems	71,288	6,997
Trading of lighting products	42,619	37,621
Consultancy Service	13,686	11,302
	<b>127,593</b>	55,920

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

	<b>Six months ended 30 September</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<u>Other income</u>		
Interest income		
– from bank deposits	4	–
– charged to amount due from an associate	140	28
Management service income received from an associate	900	900
Others	–	119
	<b>1,044</b>	1,047
<u>Gains</u>		
Net foreign exchange gain	2,193	165
	<b>3,237</b>	1,212

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 5. FINANCE COSTS

	<b>Six months ended 30 September</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Interest expenses for financial liabilities carried at amortised cost:		
Interest on bank and other borrowings wholly repayable within five years	<b>538</b>	32
Transaction costs on bank borrowings	<b>–</b>	37
	<b>538</b>	69

## 6. PROFIT BEFORE INCOME TAX

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

	<b>Six months ended 30 September</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Cost of inventories sold	<b>46,180</b>	22,327
Depreciation of property, plant and equipment	<b>627</b>	946
Employee benefit expenses		
– salaries and welfare	<b>5,997</b>	4,581
– defined contributions	<b>197</b>	151
	<b>6,194</b>	4,732
Warranty provision, net of reversal	<b>908</b>	112
Losses on disposals of property, plant and equipment	<b>361</b>	476
Net foreign exchange gain	<b>(2,193)</b>	(165)
Minimum lease payments under operating leases in respect of offices, a warehouse and an office equipment	<b>756</b>	579

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 7. INCOME TAX EXPENSE

### (a) Income tax

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Current tax – Hong Kong profits tax		
– Tax for the period	<b>9,734</b>	4,164
Deferred tax		
– Current period	<b>(87)</b>	(100)
Income tax expense	<b>9,647</b>	4,064

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

### (b) Deferred tax

Details of the deferred tax liabilities recognised and movements during the period are as follows:

	<b>Accelerated</b>
	<b>tax depreciation</b>
	HK\$'000
<b>At 1 April 2016</b>	<b>118</b>
Credited to profit or loss for the period	<b>(87)</b>
<b>At 30 September 2016 (unaudited)</b>	<b>31</b>
At 1 April 2015	404
Credited to profit or loss for the period	(100)
At 30 September 2015 (unaudited)	304

## 8. DIVIDENDS

No dividends have been paid or declared by the Company during each of the six months ended 30 September 2016 and 2015.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to the owners of the Company and the weighted average number of shares in issue during the period.

	<b>Six months ended 30 September</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Earnings</b>		
Profit attributable to the owners of the Company	<b>42,166</b>	16,888

	<b>Six months ended 30 September</b>	
	<b>2016</b>	2015
	<b>'000</b>	'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Number of shares</b>		
Weighted average number of shares	<b>500,000</b>	500,000

No diluted earnings per share is presented as the Group had no potential ordinary shares during the six months ended 30 September 2016 and 2015.

## 10. TRADE RECEIVABLES

	<b>As at 30 September 2016</b>	As at 31 March 2016
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	
Trade receivables, net	<b>87,002</b>	84,941

The Group's trading terms with its customers are mainly on credit. The credit period is ranging from cash on delivery to 180 days.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 10. TRADE RECEIVABLES (CONTINUED)

Based on invoices date, ageing analysis of the Group's trade receivables is as follows:

	<b>As at 30 September 2016 HK\$'000 (Unaudited)</b>	As at 31 March 2016 HK\$'000
0 to 30 days	10,641	25,428
31 to 90 days	23,954	8,722
91 to 180 days	18,611	15,159
181 to 365 days	30,443	25,682
Over 365 days	3,353	9,950
	<b>87,002</b>	84,941

At each reporting date, the Group's trade receivables are individually determined for impairment testing. At 30 September 2016, 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. When the Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly.

A subsidiary has assigned trade receivables from one of the customers of HK\$5.7 million as at 30 September 2016 (31 March 2016: nil) to the bank. Details are set out in note 12.

## 11. TRADE PAYABLES

Based on invoices date, ageing analysis of the Group's trade payables is as follows:

	<b>As at 30 September 2016 HK\$'000 (Unaudited)</b>	As at 31 March 2016 HK\$'000
0 to 30 days	2,415	10,748
31 to 90 days	1,782	2,751
91 to 180 days	1,977	2,448
Over 180 days	2,535	376
	<b>8,709</b>	16,323

The Group made purchase with various manners, operating on cash on delivery, payment in advance terms, or granted with credit term of 30 days.

Included in trade payables, retentions of HK\$4.3 million were held by the Group as at 30 September 2016 (31 March 2016: HK\$4.5 million). Such retentions are released over 5 years.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 12. BORROWINGS

	Notes	<b>As at 30 September 2016 HK\$'000 (Unaudited)</b>	As at 31 March 2016 HK\$'000
Secured bank loans:			
Amounts repayable within one year	(c)	<b>15,000</b>	15,000
Unsecured bank loans:			
Amounts repayable within one year	(d)	<b>20,279</b>	1,942
Amounts repayable after one year but contain a repayable on demand clause	(d)	<b>23,217</b>	8,218
Unsecured other loan:			
Amounts repayable within one year	(b)	<b>124</b>	120
<b>Current liabilities</b>		<b>58,620</b>	25,280
Unsecured other loan:			
Amounts repayable in second to fifth year	(b)	<b>155</b>	217
<b>Non-current liabilities</b>		<b>155</b>	217

Notes:

- (a) The Group entered into bank loan agreements with banks which give the banks the right at their sole discretion to demand immediate repayment at any time irrespective of whether the Group has met the scheduled repayment obligations.
- (b) The unsecured other loan of the Group was obtained from an independent third party.
- (c) As at 30 September 2016 and 2015, the bank loans were secured by the pledge of bank deposits of HK\$2,500,000. The bank loans were also secured by corporate guarantees by the Company and Synergy Group Worldwide Limited, a subsidiary of the Company.
- (d) The bank loans are under corporate guarantee offered by the Company. There is an assignment of trade receivables from one of the customers of the Group to the bank.
- (e) The Group's banking facilities are amounting to HK\$80,000,000 (31 March 2016: HK\$45,000,000), of which HK\$59,600,000 have been utilised at 30 September 2016 (31 March 2016: HK\$25,300,000).
- (f) As at 30 September 2016, the Group's interest-bearing borrowings bore effective interest rate ranging from 2.75% to 6.49% per annum (31 March 2016: 2.74% to 6.49%).

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 12. BORROWINGS (CONTINUED)

Based on the schedule repayment dates set out in the bank loan and other loan agreements, the borrowings are repayable as follows:

	<b>As at 30 September 2016 HK\$'000 (Unaudited)</b>	As at 31 March 2016 HK\$'000
Within one year	35,404	17,062
In the second year	5,984	2,129
In the third to fifth year	17,387	6,306
	<b>58,775</b>	25,497

## 13. SHARE CAPITAL

	<b>Number of shares</b>	<b>Amount HK\$'000</b>
Issued and fully paid: At 1 April 2015, 31 March 2016 and 30 September 2016	<b>500,000,000</b>	5,000

## 14. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

### Major non-cash transactions

During the period, the Group has transferred certain construction in progress and lighting systems to inventories with aggregate net book amount amounting to approximately HK\$152,000 (six months ended 30 September 2015: HK\$1,041,000) upon the change of usage of lighting products acquired. The Group has also transferred certain inventories to lighting systems with aggregate net book amount amounting to approximately HK\$354,000 (six months ended 30 September 2015: nil) upon the change of usage of inventories.

## 15. EVENT AFTER THE REPORTING PERIOD

On 26 October 2016, the shares of the Company were transferred from listing from GEM to the Main Board of the Stock Exchange.

ENERGY SAVING

SYNERGY

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**滙能集團控股國際有限公司**

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