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**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 2021**

<b>FINANCIAL HIGHLIGHTS</b>	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>For the year ended 31 March</b>		
<b>Revenue</b>	<b>53,784</b>	126,547
Leasing services of energy saving systems	<b>9,826</b>	11,161
Trading of energy saving products	<b>24,873</b>	96,121
Consultancy service	<b>19,085</b>	19,265
	<hr/>	<hr/>
<b>Gross profit</b>	<b>26,376</b>	70,108
EBITDA <i>(note 1)</i>	<b>(246,211)</b>	(84,507)
EBIT <i>(note 1)</i>	<b>(251,237)</b>	(95,722)
	<hr/>	<hr/>
<b>Loss attributable to owners of the Company</b>	<b>(279,797)</b>	(109,762)
Basic loss per share <i>(HK cents)</i>	<b>(45.6)</b>	(20.0)
Diluted loss per share <i>(HK cents)</i>	<b>(45.6)</b>	(20.0)
	<hr/>	<hr/>
<b>Adjusted (loss)/profit attributable to owners of the Company excluding some major extraordinary or non-operating income and expenses <i>(note 2)</i></b>	<b>(38,496)</b>	16,061
Adjusted basic (loss)/earnings per share <i>(HK cents)</i> <i>(note 2)</i>	<b>(6.3)</b>	2.9
Adjusted diluted (loss)/earnings per share <i>(HK cents)</i> <i>(note 2)</i>	<b>(6.3)</b>	2.9
	<hr/>	<hr/>
<b>As at 31 March</b>		
<b>Total assets</b>	<b>404,890</b>	650,588
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>350,341</b>	335,506
	<hr/>	<hr/>
<b>Net assets</b>	<b>54,549</b>	315,082
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*Note 1:* EBITDA is defined as earnings before interest expenses and other finance costs, tax, depreciation and amortisation. EBIT is defined as earnings before interest expenses and other finance costs and tax.

*Note 2:* Amounts are calculated based on adjusted profit after excluding some major extraordinary or non-operating income and expenses as defined by the Group's management. Details of which can be referred to page 35 of this announcement.

- The Group's revenue decreased by 57.5% from approximately HK\$126.5 million for the year ended 31 March 2020 to approximately HK\$53.8 million for the year ended 31 March 2021.
- The Group's gross profit decreased by 62.3% from approximately HK\$70.1 million for the year ended 31 March 2020 to approximately HK\$26.4 million for the year ended 31 March 2021.
- The Group's loss attributable to owners of the Company amounted to approximately HK\$109.8 million for the year ended 31 March 2020 while the Group's loss attributable to owners of the Company amounted to approximately HK\$279.8 million for the year ended 31 March 2021.
- The Group's adjusted profit attributable to owners of the Company excluding some major extraordinary or non-operating income and expenses decreased by 339.7% from approximately HK\$16.1 million for the year ended 31 March 2020 to approximately HK\$38.5 million loss for the year ended 31 March 2021.
- Basic or diluted loss per share was approximately HK20.0 cents for the year ended 31 March 2020 while basic or diluted loss per share was approximately HK45.6 cents for the year ended 31 March 2021. Adjusted basic or diluted loss/earnings per share calculated with reference to the adjusted loss/profit decreased by 317.2% from approximately HK2.9 cents for the year ended 31 March 2020 to approximately HK6.3 cents loss for the year ended 31 March 2021.

## 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 2021 together with the comparative audited figures for the prior year as follows.

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 March 2021*

		2021	2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Continuing operations</b>			
<b>Revenue</b>	<i>5(a)</i>	<b>53,784</b>	126,547
Cost of sales		<u>(27,408)</u>	<u>(56,439)</u>
<b>Gross profit</b>		<b>26,376</b>	70,108
Other income and gains	<i>5(b)</i>	<b>19,676</b>	5,180
Administrative expenses		<b>(25,166)</b>	(59,513)
Selling and distribution costs		<b>(3,448)</b>	(5,285)
Finance costs	<i>6</i>	<b>(55,526)</b>	(18,729)
Other expenses		<b>(278,226)</b>	(108,583)
Share of results of associates		<u><b>9,551</b></u>	<u>2,371</u>
<b>Loss before income tax from continuing operations</b>	<i>7</i>	<b>(306,763)</b>	(114,451)
Income tax credit	<i>8(a)</i>	<u><b>24,229</b></u>	<u>5,536</u>
<b>Loss for the year from continuing operations</b>		<b>(282,534)</b>	(108,915)
<b>Discontinued operations</b>			
Loss for the year from discontinued operations		<u>–</u>	<u>(2,225)</u>
<b>Loss for the year</b>		<u><b>(282,534)</b></u>	<u>(111,140)</u>

	<i>Notes</i>	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
<b>Other comprehensive income for the year</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange difference arising on translation of financial statements of foreign operations		<b>2,160</b>	(2,679)
Share of other comprehensive income of associates		<b>(31)</b>	(209)
		<u>2,129</u>	<u>(2,888)</u>
<b>Other comprehensive income for the year, net of tax</b>		<b>2,129</b>	(2,888)
		<u>2,129</u>	<u>(2,888)</u>
<b>Total comprehensive income for the year</b>		<b>(280,405)</b>	(114,028)
		<u>(280,405)</u>	<u>(114,028)</u>
<b>Loss for the year attributable to:</b>			
Owners of the Company		<b>(279,797)</b>	(109,762)
Non-controlling interests		<b>(2,737)</b>	(1,378)
		<u>(282,534)</u>	<u>(111,140)</u>
<b>Total comprehensive income for the year attributable to:</b>		<b>(282,534)</b>	(111,140)
Owners of the Company		<b>(277,769)</b>	(112,545)
Non-controlling interests		<b>(2,636)</b>	(1,483)
		<u>(280,405)</u>	<u>(114,028)</u>
<b>Loss per share attributable to owners of the Company from continuing and discontinued operations:</b>			
– Basic ( <i>HK cents</i> )	<i>10</i>	<b>(45.6)</b>	(20.0)
		<u>(45.6)</u>	<u>(20.0)</u>
– Diluted ( <i>HK cents</i> )		<b>(45.6)</b>	(20.0)
		<u>(45.6)</u>	<u>(20.0)</u>
<b>From continuing operations</b>			
– Basic ( <i>HK cents</i> )		<b>(45.6)</b>	(20.1)
		<u>(45.6)</u>	<u>(20.1)</u>
– Diluted ( <i>HK cents</i> )		<b>(45.6)</b>	(20.1)
		<u>(45.6)</u>	<u>(20.1)</u>
<b>From discontinued operations</b>			
– Basic ( <i>HK cent</i> )		–	0.1
		<u>–</u>	<u>0.1</u>
– Diluted ( <i>HK cent</i> )		–	0.1
		<u>–</u>	<u>0.1</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		15,553	18,652
Intangible assets		–	577
Goodwill		–	34,584
Interests in associates		57,913	48,393
Equity investment at fair value through profit or loss		28,000	49,000
Other financial assets at fair value through profit or loss		–	10,772
Trade receivables	11	17,894	57,697
Finance lease receivables		8,206	29,192
Deposits and other receivables		45	144
Deferred tax assets	8(b)	34,331	10,251
		<u>161,942</u>	<u>259,262</u>
<b>Current assets</b>			
Inventories		832	900
Trade receivables	11	198,363	328,697
Finance lease receivables		7,928	12,977
Deposits, prepayments and other receivables		8,613	15,879
Due from an associate		19,008	21,003
Pledged bank deposits		–	2,500
Cash and cash equivalents		8,204	9,370
		<u>242,948</u>	<u>391,326</u>
<b>Current liabilities</b>			
Trade payables	12	17,269	11,099
Contract liabilities		641	4,495
Accruals, other payables and deposits received		137,458	90,545
Borrowings	13	82,425	102,010
Bonds payable		2,000	–
Lease liabilities		938	1,969
Notes payable	14	76,600	80,000
Due to a related company		952	616
Due to directors		9,421	10,605
Provision for taxation		2,548	2,748
Financial liabilities at fair value through profit or loss		3,729	–
		<u>333,981</u>	<u>304,087</u>
<b>Net current (liabilities)/assets</b>		<u>(91,033)</u>	<u>87,239</u>
<b>Total assets less current liabilities</b>		<u>70,909</u>	<u>346,501</u>

	<i>Notes</i>	<b>2021</b> <b><i>HK\$'000</i></b>	2020 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Trade payables	<i>12</i>	<b>11,017</b>	16,317
Deposits received		<b>4,160</b>	5,254
Bonds payable		–	2,000
Financial liabilities at fair value through profit or loss		–	3,597
Lease liabilities		<b>1,183</b>	1,651
Notes payable	<i>14</i>	–	2,600
		<u><b>16,360</b></u>	<u>31,419</u>
<b>Net assets</b>		<u><b>54,549</b></u>	<u>315,082</u>
<b>EQUITY</b>			
Share capital		<b>6,600</b>	5,500
Reserves		<u><b>55,524</b></u>	<u>314,522</u>
<b>Equity attributable to the owners of the Company</b>		<b>62,124</b>	320,022
Non-controlling interests		<u><b>(7,575)</b></u>	<u>(4,940)</u>
<b>Total equity</b>		<u><b>54,549</b></u>	<u>315,082</u>

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

*For the year ended 31 March 2021*

## 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 in Hong Kong is 15th Floor, Chinachem Century Tower, 178 Gloucester Road, Wan Chai, Hong Kong.

The principal activity of the Company is investment holding. The Company and its subsidiaries are collectively referred to as the “**Group**” hereafter. The Group is principally engaged in the provision of leasing services of energy saving systems, consultancy service and trading of energy saving products.

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

### (a) Adoption of new/revised HKFRSs – effective 1 April 2020

In current year, the Group has applied for the first time the following new/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 2020.

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting

None of these new or amended HKFRSs has a material impact on the Group’s results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

**(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.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Hong Kong Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>6</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>4</sup>
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>3</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>3</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>5</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>7</sup>
Amendment to HKFRS 16	Covid-19-Related Rent Concessions <sup>1</sup>
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>6</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>6</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>6</sup>
Amendments to HKFRS	Annual Improvements to HKFRSs 2018-2020 <sup>4</sup>

<sup>1</sup> *Effective for annual periods beginning on or after 1 June 2020*

<sup>2</sup> *Effective for annual periods beginning on or after 1 January 2021*

<sup>3</sup> *Effective for annual periods beginning on or after 1 April 2021*

<sup>4</sup> *Effective for annual periods beginning on or after 1 January 2022*

<sup>5</sup> *Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.*

<sup>6</sup> *Effective for annual periods beginning on or after 1 January 2023.*

<sup>7</sup> *The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.*



***Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current and Hong Kong Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause***

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

***Amendments to HKAS 16 – Property, Plant and Equipment – Proceeds before Intended Use***

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

***Amendments to HKAS 37 – Onerous Contracts – Cost of Fulfilling a Contract***

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

***Amendments to HKFRS 3 – Reference to the Conceptual Framework***

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Interpretation 21 Levies, the acquirer applies HK(IFRIC)- Interpretation 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

***Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

***Amendment to HKFRS 16 – Covid-19-Related Rent Concessions***

HKFRS 16 was amended to provide a practical expedient to lessees in accounting for rent concessions arising as a result of the Covid-19 pandemic, by including an additional practical expedient in HKFRS 16 that permits entities to elect not to account for rent concessions as modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of Covid-19 pandemic and only if all of the following criteria are satisfied:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) the reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with this practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of lease modification. Lessees shall apply other requirements of HKFRS 16 in accounting for the rent concession.

Accounting for rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

***Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 – Interest Rate Benchmark Reform – Phase 2***

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the “**Reform**”). The amendments complement those issued in November 2019 and relate to (a) changes to contractual cash flows in which an entity will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; (b) hedge accounting in which an entity will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

***Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies***

The amendments to HKAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to HKFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

***Amendments to HKAS 8 – Definition of Accounting Estimates***

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

***Amendments to HKAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction***

In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognise both an asset and a liability.

The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

## ***Amendments to HKFRS – Annual Improvements to HKFRSs 2018-2020***

The annual improvements amend a number of standards, including:

- HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to HKFRSs.
- HKFRS 9, Financial Instruments, which clarify the fees included in the ‘10 per cent’ test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other’s behalf are included.
- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- HKAS 41, Agriculture, which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The directors of the Company anticipate that the application of these new/revised HKFRSs will have no material impact on the Group’s future 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 Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”).

#### **(b) Historical cost convention**

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments which are measured at fair values. The consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

(c) **Going concern basis**

The Group incurred losses of HK\$282,534,000 for the year ended 31 March 2021 and has net current liabilities of HK\$91,033,000 as at 31 March 2021. Included in the current liabilities of HK\$333,981,000 were borrowings of HK\$82,425,000 (the “**Borrowings**”) and notes payable of HK\$76,600,000 (the “**Notes Payable**”) as at 31 March 2021, out of which HK\$67,463,000 and HK\$54,000,000, respectively were overdue and immediately repayable upon the request by the lenders (the “**Lenders**”). In addition, a number of creditors (the “**SD Creditors**”) filed statutory demands against the Company during the year ended 31 March 2021 in respect with the relevant debts owed by the Group totally of HK\$141,963,000. These were overdue as at 31 March 2021. However, the Group had cash and cash equivalents of HK\$8,204,000 only as at 31 March 2021.

These events or conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

In view of such circumstances, the directors of the Company have prepared a cash flow forecast of the Group covering a period of twelve months from the end of the reporting period (the “**Cash Flow Forecast**”) with rescue plans and measures to improve its financial position which include, but are not limited to, the following:

- (i) The Group has been actively negotiating with certain creditors in relation to borrowings of HK\$9,500,000, note payables of HK\$22,600,000, bonds payable of HK\$2,000,000, trade payable of HK\$10,537,000, other payable of HK\$1,207,000, due to a related company of HK\$952,000 and due to directors of HK\$9,421,000 as at 31 March 2021 for the settlement by way of issuance of new shares of the Company, which is subject to obtaining necessary regulatory approvals. Based on the current status of negotiation and process of finalising the underlying terms of the settlement arrangement with all of these creditors, the directors of the Company are confident that this plan would be executed successfully;

- (ii) The Group has been actively negotiating with certain creditors, whom have filed statutory demands (the “**SD Creditors**”) against the Company during the year ended 31 March 2021 as set out in notes 29(b), 30(a), 30(b) and 32(a) of the consolidated financial statements, not to exercise their rights to present the winding-up petition (the “**Petition**”) against the Company in respect of the Group’s other payables, borrowings and note payables that had been overdue, totally amounted to HK\$141,963,000 as at 31 March 2021. As at the date of approval of these consolidated financial statements, the SD Creditors have not exercised their rights to present the Petition against the Company. The directors of the Company are confident that these creditors will not present the Petition based on its advanced negotiations with these creditors;
- (iii) The Group has been actively negotiating with certain creditors in relation to borrowings of HK\$29,480,000, note payables of HK\$54,000,000 and other payables of HK\$67,471,000 as at 31 March 2021 for debt restructuring which include, but are not limited to, by way of the deferral of the repayment on partial principal to the period after 31 March 2022 (the “**Debt Restructuring**”) to improve the cash flows of the Group. The proposed restructuring of debts of the Group in Hong Kong which is subject to obtaining necessary statutory, regulatory, and creditors’ approvals at different stages. Based on the current status of negotiation on the underlying terms of the Debt Restructuring with these creditors, the directors of the Company are confident that the Debt Restructuring plan would be executed successfully;
- (iv) The Group has been actively finalising with a major shareholder for equity financing to enhance the Group’s liquidity and provide additional cash resources for its operation, of which the equity financing plan is subject to regulatory approval, the necessary and relevant shareholders’ approvals. Based on the finalising process on the underlying terms of the equity financing plan, the directors of the Company expected the estimated size of the equity financing can enhance the Group’s liquidity and provide additional cash resources for its operation; and
- (v) Subsequent to the end of the reporting period, the Group has negotiated repayment schedules with certain customers. In addition, the Group would closely monitor the market developments, review collection status of trade receivables and bolster collection capability.

Based on the Cash Flow Forecast assuming the above plans and measures can be successfully implemented as scheduled, the directors of the Company are of the opinion that the Group is able to continue as a going concern and it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group fail to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their net realisable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

**(d) 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 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 service of energy saving systems;
- (2) Trading of energy saving products; and
- (3) Provision of consultancy service on leasing service of energy saving systems (“**Consultancy service**”)

For the year ended 31 March 2020, the Group has completed the disposal of the business of provision of artificial intelligence (AI) technology services (“**Building AI SaaS**”). In accordance with HKFRS 5, the segments of Business AI SaaS for the years ended 31 March 2020 were presented as discontinued operations in the Group's consolidated financial statements.

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

	Leasing service of energy saving systems <i>HK\$'000</i>	Trading of energy saving products <i>HK\$'000</i>	Consultancy service <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Year ended 31 March 2021</b>				
Revenue from external customers	<u>9,826</u>	<u>24,873</u>	<u>19,085</u>	<u>53,784</u>
Reportable segment loss	<u>(7,673)</u>	<u>(178,960)</u>	<u>5,852</u>	<u>(180,781)</u>
Capital expenditure	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Depreciation	<u>3,046</u>	<u>–</u>	<u>–</u>	<u>3,046</u>
<b>As at 31 March 2021</b>				
Reportable segment assets	<u>42,791</u>	<u>164,569</u>	<u>41,299</u>	<u>248,659</u>
Reportable segment liabilities	<u>13,656</u>	<u>29,306</u>	<u>15</u>	<u>42,977</u>
<b>Year ended 31 March 2020</b>				
Revenue from external customers	<u>11,161</u>	<u>96,121</u>	<u>19,265</u>	<u>126,547</u>
Reportable segment profit	<u>4,283</u>	<u>5,796</u>	<u>8,347</u>	<u>18,426</u>
Capital expenditure	<u>139</u>	<u>–</u>	<u>–</u>	<u>139</u>
Depreciation	<u>3,258</u>	<u>–</u>	<u>–</u>	<u>3,258</u>
<b>As at 31 March 2020</b>				
Reportable segment assets	<u>68,090</u>	<u>352,699</u>	<u>35,291</u>	<u>456,080</u>
Reportable segment liabilities	<u>12,004</u>	<u>33,948</u>	<u>32</u>	<u>45,984</u>



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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Reportable segment (loss)/profit	(180,781)	18,426
Unallocated corporate income ( <i>note</i> )	3,332	4,714
Unallocated corporate expenses ( <i>note</i> )	(83,339)	(121,233)
Finance costs	(55,526)	(18,729)
Share of results of associates	9,551	2,371
	<u>          </u>	<u>          </u>
Loss before income tax from continuing operations	<u><u>(306,763)</u></u>	<u><u>(114,451)</u></u>

*Note:* Unallocated corporate income mainly includes government grants and management service income (2020: includes the deposit forfeited by a customer)

Unallocated corporate expenses mainly include fair value loss on equity investment at fair value through profit or loss (“FVTPL”), equity-settled share option expense, amortisation of intangible assets, provision for impairment loss of goodwill, legal and professional fees, salaries, other administrative expenses and other selling and distribution costs.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Reportable segment assets from continuing operations	248,659	456,080
Intangible assets	–	577
Goodwill	–	34,584
Interests in associates	57,913	48,393
Equity investment at FVTPL	28,000	49,000
Other financial assets at FVTPL	–	10,772
Pledged bank deposits	–	2,500
Cash and cash equivalents	8,204	9,370
Due from an associate	19,008	21,003
Deferred tax assets	34,331	10,251
Other corporate assets	8,775	8,058
	<u>          </u>	<u>          </u>
Group assets	<u><u>404,890</u></u>	<u><u>650,588</u></u>

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Reportable segment liabilities from continuing operations	42,977	45,984
Borrowings	82,425	102,010
Lease liabilities	2,121	3,620
Settlement payables	47,125	51,125
Notes payable	76,600	82,600
Bonds payable	2,000	2,000
Financial liabilities at FVTPL	3,729	3,597
Provision for taxation	2,548	2,748
Due to a related company	952	616
Due to directors	9,421	10,605
Other corporate liabilities ( <i>note</i> )	80,443	30,601
	<u>350,341</u>	<u>335,506</u>

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

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

	<b>Revenue from external customers (including continuing and discontinued operations)</b>	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong (domiciled)	21,563	22,865
Japan	–	17,647
Australia	–	26,204
Malaysia	8,131	33,875
Indonesia	4,992	7,787
Macau	19,085	19,265
Other overseas locations	13	1,645
	<u>53,784</u>	<u>129,288</u>

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

	<b>Specified non-current assets</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong (domiciled)	<b>58,076</b>	84,853
Malaysia	<b>15,390</b>	17,353
	<b>73,466</b>	102,206

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 (including continuing and discontinued operations). Revenue derived from these customers are as follows:

	<b>Revenue from external customers</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	<b>HK\$'000</b>
Customer A ##	<b>19,085</b>	19,265
Customer B #	<b>19,881</b>	14,482
Customer C #	N/A	17,647
Customer D #	N/A	17,255
Customer E #	N/A	13,363

# *Attributable to segment of trading of energy saving 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 energy saving products and provision of leasing and consultancy service. An analysis of revenue is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Continuing operations</b>		
<b>Revenue from contracts with customer within the scope of HKFRS 15</b>		
Trading of energy saving products	24,873	96,121
Consultancy service income	<u>19,085</u>	<u>19,265</u>
	<b>43,958</b>	115,386
<b>Revenue from other sources</b>		
Leasing service income	<u>9,826</u>	<u>11,161</u>
	<b><u>53,784</u></b>	<b><u>126,547</u></b>
<b>Timing of revenue recognition</b>		
At a point in time	<b><u>43,958</u></b>	<b><u>115,386</u></b>

The following table provides information about trade receivables and contract liabilities from contracts with customers:

	31 March 2021 <i>HK\$'000</i>	31 March 2020 <i>HK\$'000</i>
Trade receivables	204,252	377,643
Contract liabilities	<b><u>641</u></b>	<b><u>4,495</u></b>

The contract liabilities are mainly related to the advance consideration of sales of goods received from customers.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Continuing operations</b>		
Interest income		
– from bank deposits	14	40
– from other financial assets at FVTPL	66	127
– from other receivables	396	352
– from advance to non-controlling interests	17	50
	<u>493</u>	<u>569</u>
Exchange gain, net	15,403	–
Fair value gains on other financial assets at FVTPL	156	336
Government grants ( <i>note</i> )	1,460	–
Management service income	984	–
Others	1,180	4,275
	<u>19,676</u>	<u>5,180</u>

*Note:*

During the year, the Group has received financial support from the Hong Kong Special Administrative Region Government who set up the Anti-epidemic Fund under the Employment Support Scheme to encourage entities to retain their employees who would otherwise be made redundant. Under the Employment Support Scheme, the Group is required not to make redundancies during the subsidy period and to spend all of subsidies on paying salaries.

## 6. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Continuing operations</b>		
Interest expenses for financial liabilities carried at amortised cost:		
Interest on borrowings	14,983	4,136
Interest on notes payable	26,037	13,987
Interest on other payable	13,318	–
Interest on bonds payable	199	60
Interest on lease liabilities	164	285
	<u>54,701</u>	<u>18,468</u>
Interest on financial liabilities at fair value through profit or loss	425	37
Transaction costs on borrowings	400	224
	<u>55,526</u>	<u>18,729</u>

## 7. LOSS BEFORE INCOME TAX

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Continuing operations</b>		
Amortisation of intangible assets (included in administrative expenses)	577	5,538
Auditor's remuneration	1,450	1,430
Cost of inventories recognised as expenses		
– Cost of inventories sold	20,669	48,951
– Write-off of inventories	20	112
	20,689	49,063
Depreciation of property, plant and equipment		
– Owned	3,088	3,734
– Right-of-use assets	1,361	1,943
	4,449	5,677
Employee benefit expenses (including directors' remuneration)		
– Salaries and welfare	14,995	19,040
– Equity-settled share option expense	2,161	643
– Defined contributions	870	1,114
	18,026	20,797
Reversal of warranty provision, net	(632)	(40)
Bad debts written off	276	–
Provision for impairment loss of financial assets	156,558	50,978
Fair value loss on equity investment at FVTPL	21,000	22,000
Fair value loss/(gain) on financial liabilities at FVTPL	191	(18)
Impairment loss of goodwill	34,584	32,379
Impairment loss of property, plant and equipment	–	270
Loss on disposals of property, plant and equipment	61	251
Net foreign exchange (gain)/loss	(15,403)	27,773
Loss on modification of financial assets ( <i>note</i> )	66,016	–

*Note:*

Loss on modification of financial assets was mainly due to the discount offered to one of the customers of the Group in return for that customer's guarantee on the monthly minimum amount of settlement.

## 8. INCOME TAX CREDIT

### (a) Income tax

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

	2021	2021	2021	2020	2020	2020
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	operations	operations		operations	operations	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax						
– Tax for the year	-	-	-	2,844	-	2,844
– Over-provision in respect of prior years	(149)	-	(149)	-	-	-
	(149)	-	(149)	2,844	-	2,844
Deferred tax						
– Current year	(24,080)	-	(24,080)	(8,380)	-	(8,380)
Income tax credit	<u>(24,229)</u>	<u>-</u>	<u>(24,229)</u>	<u>(5,536)</u>	<u>-</u>	<u>(5,536)</u>

Hong Kong profits tax is calculated at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong, except for the first HK\$2,000,000 of qualified entity's assessable profit is calculated at 8.25%, which is in accordance with the new two-tiered profits tax rates regime with effect from the year of assessment 2018/19.

Provision for the Enterprise Income Tax (EIT) in the People's Republic of China (the "PRC") is calculated based on a statutory tax rate 25% (2020: 25%) of the estimated assessable profits as determined in accordance with the relevant income tax law in the PRC.

A subsidiary in Malaysia has elected to pay a lump sum income taxation charge of Malaysian Ringgit ("RM") 20,000 per annum. Another subsidiary in Malaysia has been granted pioneer status under the Promotion of Investments Act, 1986 by the Malaysian Investment Development Authority which exempts 100% of statutory income in relation to its principal activity of provision of energy management systems solutions.



(b) **Deferred tax**

Details of the deferred tax assets recognised and movements during the year are as follows:

	<b>Impairment loss</b> <i>HK\$'000</i>	<b>Tax depreciation</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 April 2019	1,688	183	1,871
Credited to profit or loss for the year	<u>8,101</u>	<u>279</u>	<u>8,380</u>
At 31 March 2020 and 1 April 2020	9,789	462	10,251
Credited to profit or loss for the year	<u>23,976</u>	<u>104</u>	<u>24,080</u>
At 31 March 2021	<u><u>33,765</u></u>	<u><u>566</u></u>	<u><u>34,331</u></u>

**9. DIVIDENDS**

No dividend has been paid or declared by the Company during the year (2020: Nil).

## 10. LOSS PER SHARE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Loss</b>		
Loss attributable to owners of the Company		
– Continuing operations	(279,797)	(110,300)
– Discontinued operations	<u>–</u>	<u>538</u>
Loss from continuing operations and discontinued operations	<u>(279,797)</u>	<u>(109,762)</u>
	2021	2020
	<i>'000</i>	<i>'000</i>
<b>Number of shares</b>		
Weighted average number of shares for the purpose of diluted loss per share	<u>614,167</u>	<u>550,000</u>

For the year ended 31 March 2021 and 2020, basic loss per share is the same as diluted loss per share. There are no dilutive effects on the impact of the exercise of the share options as they are anti-dilutive.

## 11. TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	426,718	447,169
Less: Provision for impairment loss	<u>(210,461)</u>	<u>(60,775)</u>
Trade receivables, net	<u>216,257</u>	<u>386,394</u>
Classified as:		
Non-current assets ( <i>note</i> )	17,894	57,697
Current assets	<u>198,363</u>	<u>328,697</u>
	<u>216,257</u>	<u>386,394</u>

*Note:* The Group has offered settlement term to a customer attributed to the segment of trading of energy saving 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 following table provides information about trade receivables from contracts with customers and other sources:

	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Trade receivables from contracts with customers	<b>204,252</b>	377,643
Trade receivables from other sources	<b>12,005</b>	8,751
	<b><u>216,257</u></b>	<u>386,394</u>

The Group's trading terms with its customers are mainly on credit. Generally, the credit period is ranging from cash on delivery to 365 days, except for a customer who has been granted the settlement schedules of 84 months from the Group.

Based on invoices date, ageing analysis of the Group's trade receivables (net of provision for impairment loss) is as follows:

	<b>2021</b>	2020
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0 to 30 days	<b>21,029</b>	3,497
31 to 90 days	<b>15,874</b>	6,933
91 to 180 days	<b>4,704</b>	5,818
181 to 365 days	<b>8,782</b>	93,578
Over 365 days	<b>165,868</b>	276,568
	<b><u>216,257</u></b>	<u>386,394</u>

As at 31 March 2021, trade receivables of approximately HK\$78,288,000 (2020: HK\$137,845,000) were subject to the assignment pursuant to which the Group has assigned receivables of a customer to a bank to secure banking facilities of HK\$28,377,000 (2020: HK\$100,000,000) granted to the Group.

## 12. TRADE PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	<u><u>28,286</u></u>	<u><u>27,416</u></u>
Classified as:		
Non-current liabilities	<u>11,017</u>	16,317
Current liabilities	<u>17,269</u>	<u>11,099</u>
	<u><u>28,286</u></u>	<u><u>27,416</u></u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 30 days	115	110
31 to 90 days	594	63
91 to 180 days	1,343	318
181 to 365 days	850	12,526
Over 365 days	<u>25,384</u>	<u>14,399</u>
	<u><u>28,286</u></u>	<u><u>27,416</u></u>

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.

### 13. BORROWINGS

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Secured and guaranteed bank loans:			
Amounts repayable within one year	<i>(a)</i>	<b>31,595</b>	22,136
Amounts repayable after one year but contain a repayable on demand clause	<i>(a)</i>	–	35,184
Secured and guaranteed other loans:			
Amounts repayable within one year	<i>(c)</i>	<b>23,097</b>	19,490
Amounts repayable after one year but contain a repayable on demand clause		–	6,617
Unsecured and guaranteed other loans:			
Amounts repayable within one year	<i>(b)</i>	<b>23,233</b>	13,427
Amounts repayable after one year but contain a repayable on demand clause		–	5,156
Unsecured other loans:			
Amounts repayable within one year		<b>4,500</b>	–
Total borrowings		<b>82,425</b>	102,010

*Notes:*

- (a) The balances were overdue as at 31 March 2021. In relation to the bank loan whose carrying amount was HK\$28,377,000 as at 31 March 2021, the Company received two statutory demands dated 19 August 2020 and 23 September 2020 from the legal adviser acting on behalf of the bank, in which the bank is demanding payment from the Group for its indebtedness under certain banking facilities and the related corporate guarantees provided in favour of the bank within 21 days from 19 August 2020 and 23 September 2020 respectively, being the dates of service of the respective statutory demands. Up to the date of approval the consolidated financial statements the Company is still in the discussion of the repayment arrangement with creditors. No further action has been carried out by the creditors.
- (b) The balances of HK\$12,770,000 were overdue as at 31 March 2021. In relation to other loans whose carrying amount was HK\$12,461,000 as at 31 March 2021, the Company received a statutory demand dated 27 October 2020 from the legal adviser acting on behalf of the lender in which the lender is demanding payment from the Group for its indebtedness under a corporate guarantee provided in favour of the lender within 21 days from, the date of the statutory demand. Up to the date of approval the consolidated financial statement, the Company is still in the discussion of the repayment arrangement with creditors. No further action has been carried out by the creditors.

- (c) As at 31 March 2021, other loans of HK\$13,800,000 (2020: HK\$674,000) has been overdue.
- (d) As at 31 March 2021, the bank loans are secured by the finance lease receivables of approximately HK\$14,826,000 (2020: HK\$36,088,000) under the Assignment, trade receivables of approximately HK\$73,194,000 (2020: HK\$137,845,000) under the Assignment and interest in associates of approximately HK\$57,913,000 (2020:HK\$48,393,000). Borrowings are also under the corporate guarantees from the Company and/or Synergy Group Worldwide Limited (“**Synergy Worldwide**”), a subsidiary of the Company.

The bank loans are also secured by the pledged of bank deposits of approximately HK\$2,500,000 and other financial assets at FVTPL of approximately HK\$10,772,000 as at 31 March 2020.

#### 14. NOTES PAYABLE

	<i>Notes</i>	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
HK\$54,000,000 (2020: HK\$60,000,000) 9.5% notes	<i>(i)</i>	<b>54,000</b>	60,000
HK\$22,600,000 (2020:HK\$22,600,000) 2.5% notes		<b>22,600</b>	22,600
		<b>76,600</b>	82,600
Classified as:			
Current liabilities		<b>76,600</b>	80,000
Non-current liabilities		–	2,600
		<b>76,600</b>	82,600

*Notes:*

- (i) As at 31 March 2021, notes payable of HK\$54,000,000 (2020: HK\$60,000,000) has been due with reference to the terms and repayment schedule of the relevant agreement.

## EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is the extract of the independent auditor's report from BDO, the auditor of the Company:

### Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Synergy Group Holdings International Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (“**2021 Consolidated Financial Statements**”).

We do not express an opinion on the consolidated financial statements of the Group. Because of the significant of the matters described in the “Basis for Disclaimer of Opinion” section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### Basis for Disclaimer of Opinion

#### *Appropriateness of the going concern assumption*

As disclosed in note 3(c) to the consolidated financial statements, the Group incurred losses of HK\$282,534,000 for the year ended 31 March 2021 and has net current liabilities of HK\$91,033,000 as at 31 March 2021. Included in the current liabilities of HK\$333,981,000 were borrowings of HK\$82,425,000 (the “**Borrowings**”) and notes payable of HK\$76,600,000 (the “**Notes Payable**”) as at 31 March 2021, out of which HK\$67,463,000 and HK\$54,000,000, respectively were overdue and immediately repayable upon the request by the lenders (the “**Lenders**”). In addition, a number of creditors (the “**SD Creditors**”) filed statutory demands against the Company during the year ended 31 March 2021 in respect of the relevant debts owed by the Group totally of HK\$141,963,000. These were overdue as at 31 March 2021, as detailed in notes 29(b), 30(a), 30(b) and 32(a) to the consolidated financial statements. However, the Group had cash and cash equivalents of HK\$8,204,000 only as of 31 March 2021.

The above-mentioned circumstances indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. The directors have prepared a cash flow forecast which takes into account of rescue plans and measures as set out in note 3(c) to the consolidated financial statements. Based on the directors' assessment, assuming the plans and measures can be successfully implemented as scheduled, the Group is able to continue as a going concern and it is appropriate to prepare the consolidated financial statements on a going concern basis.

The appropriateness of the consolidated financial statements prepared on a going concern basis largely depends on whether those plans and measures as detailed in note 3(c) can be successfully implemented as scheduled.

However, in respect of the assumption that the Group would successfully (i) negotiate with certain creditors for settlement by way of issuance of new shares of the Company; (ii) negotiate with the SD Creditors not to exercise their rights to present the winding-up petition against the Company, and (iii) negotiate with certain creditors for debt restructuring (the "**Debt Restructuring**") by way of which included, but are not limited to, the deferral of the repayment on partial principal to the period after 31 March 2022, the directors of the Company have not provided us the supportable evidence from (i) certain creditors in relation to borrowings of HK\$9,500,000, note payables of HK\$22,600,000, bonds payable of HK\$2,000,000, trade payable of HK\$10,537,000, other payable of HK\$1,207,000 for their agreement on the settlement by way of issuance of new shares of the Company; (ii) SD Creditors for their agreement not to exercise their rights to execute the winding-up petition against the Company; and (iii) a creditor in relation to note payables of HK\$54,000,000 for agreement on debt restructuring by way of the deferral of the repayment on partial principal to the period after 31 March 2022.

Due to the limitations on our scope of work as stated above and no alternative audit procedures that we can perform, we were unable to obtain sufficient appropriate evidence to conclude whether the directors' use of the going concern basis of accounting to prepare the consolidated financial statements is appropriate.

Should the Group fail to continue as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their net realisable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.



We disclaimed our opinion on the Company's consolidated financial statements for the year ended 31 March 2020 ("**2020 consolidated financial statements**") relating to the going concern basis of preparing the consolidated financial statements. Any adjustments to the balances as at 31 March 2020 would affect the balances of these financial statements items as at 1 April 2020, and the corresponding movements, if any, during the year ended 31 March 2021. The balances as at 31 March 2020 and the amounts for the year then ended are presented as comparative information in the 2021 consolidated financial statements. We disclaimed our audit opinion on the 2021 consolidated financial statements also for the possible effect of the disclaimer of opinion on 2020 consolidated financial statements on the comparability of 2021 figures and 2020 figures in 2021 consolidated financial statements.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

The total revenue of the Group was approximately HK\$53.8 million for the year ended 31 March 2021, representing a decrease of approximately 57.5% as compared to that for the year ended 31 March 2020. The decrease in revenue was due to the drop in customer demand and the delays in delivery of products as the customers and the distributors were adversely affected by the negative economic effects from the escalating uncertainty in the international trade policy, the global financial conditions, and the outbreak of COVID-19 during the period. Gross profit margin decreased to approximately 49.0% for the year ended 31 March 2021 compared to approximately 55.4% for the year ended 31 March 2020.

Other income and gains for the year ended 31 March 2021 of approximately HK\$19.7 million mainly included the currency exchange gain of HK\$15.4 million and the Government grants of Enterprise Support Scheme approximately HK\$1.5 million. While the other income and gains for the year ended 31 March 2020 of approximately HK\$5.2 million mainly included the gain on write off deposit received of approximately HK\$3.5 million. The increase was mainly due to the increase in unrealised foreign exchange gain derived from the revaluation of balances in foreign currencies mainly as a result of the appreciation of Indonesian rupiah against Hong Kong dollar as at period end date.

### **Selling and distribution costs**

The Group's selling and distribution costs for the year ended 31 March 2021 were approximately HK\$3.4 million, representing a decrease of approximately 35.8% from approximately HK\$5.3 million for the year ended 31 March 2020. The decrease was mainly due to the net effect of (i) the decrease in salary due to resignations of a few employees during the period; and (ii) the decrease of marketing fee due to less marketing activities was engaged during the year ended 31 March 2021.

### **Administrative expenses**

The Group's administrative expenses for the year ended 31 March 2021 were approximately HK\$25.2 million, representing an decrease of approximately 57.7% from approximately HK\$59.5 million for the year ended 31 March 2020. The decrease was mainly due to the decrease in unrealised foreign exchange loss derived from the revaluation of balances in foreign currencies from approximately HK\$27.8 million in the year ended 31 March 2020 to Nil in the year ended 31 March 2021.

### **Finance costs**

The Group's finance costs increased to approximately HK\$55.5 million for the year ended 31 March 2021 from approximately HK\$18.7 million for the year ended 31 March 2020. The increase in approximately HK\$36.8 million was mainly due to the default interest incurred since the Group was unable to repay some of the overdue borrowings.

### **Other expenses**

The Group's other expenses increased to approximately HK\$278.2 million for the year ended 31 March 2021 from approximately HK\$108.6 million for the year ended 31 March 2020. The increase was mainly due to (i) the provision for impairment loss of financial assets increased to approximately HK\$156.6 million for the year ended 31 March 2021 from approximately HK\$51.0 million for the year ended 31 March 2020; (ii) the loss on modifications of financial assets of approximately HK\$66.0 million; and (iii) the fair value loss on the equity investment decreased to HK\$21.0 million during the year ended 31 Mar 2021 from HK\$22.0 million during the year ended 31 March 2020.

## **Income tax expense**

The Group is not eligible to pay any income tax for the year ended 31 March 2021, this was mainly due to not having taxable income for the period.

## **Share of results of associates**

The Group's share of results of associates for the year ended 31 March 2021 was approximately HK\$9.6 million gain, increased from approximately HK\$2.4 million gain for the year ended 31 March 2020. This was mainly due to the increase in the amount of sharing of results of an associate and its subsidiaries, namely KSL Group (as defined below), as a result of the continuous development in South Africa.

## **EBITDA/EBIT**

As a result of the foregoing, the Group's EBITDA decreased from a loss of approximately HK\$84.5 million for the year ended 31 March 2020 to a loss of approximately HK\$246.2 million for the year ended 31 March 2021. The Group's EBIT decreased from a loss of approximately HK\$95.7 million for the year ended 31 March 2020 to a loss of approximately HK\$251.2 million for the year ended 31 March 2021.

## **Loss/Profit for the year attributable to the owners of the Company**

As a result of the foregoing, our loss attributable to the owners of the Company increased by approximately 154.9% from a loss of approximately HK\$109.8 million for the year ended 31 March 2020 to a loss of approximately HK\$279.8 million for the year ended 31 March 2021. Excluding some major extraordinary or non-operating income and expenses, the adjusted profit/loss attributable to the owners of the Company decreased by approximately 339.7% from approximately HK\$16.1 million profit for the year ended 31 March 2020 to a loss of approximately HK\$38.5 million for the year ended 31 March 2021.

The following table reconciles the adjusted loss/profit attributable to the owners of the Company excluding some major extraordinary or non-operating income and expenses as defined by the Group's management for the years presented to the audited profit attributable to the owners of the Company for the years indicated:

	<b>Year ended 31 March</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Loss for the year attribute to the owners of the Company	<b>(279,797)</b>	(109,762)
Add major extraordinary or non-operating expenses:		
Amortisation of intangible assets (included in administrative expenses)	<b>361</b>	3,491
Impairment loss of property, plant and equipment	–	270
Loss of fair value changes of the equity investment in InVinity	<b>21,000</b>	22,000
Net foreign exchange loss	–	27,777
Provision for expected credit loss on financial assets, net of deferred tax	<b>132,582</b>	42,877
Impairment of goodwill allocated to the cash generating unit of SCML	<b>34,584</b>	32,379
Loss of modification of financial assets	<b>66,016</b>	–
Share-based payment expenses in respect of share options	<b>2,161</b>	643
	<b><u>(23,093)</u></b>	<b><u>19,675</u></b>
Less major extraordinary or non-operating income:		
Gain on disposal of NU	–	(3,614)
Net foreign exchange gain	<b><u>(15,403)</u></b>	–
Adjusted (loss)/profit attributable to the owners of the Company excluding some major extraordinary or non-operating income and expenses	<b><u>(38,496)</u></b>	<b><u>16,061</u></b>

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The Group mainly finances its business with internally generated cash flows and bank and other borrowings. As at 31 March 2021, current assets of the Group amounted to approximately HK\$242.9 million, representing a decrease of 37.9% from approximately HK\$391.3 million as at 31 March 2020. The current assets mainly comprised cash and bank balances (including pledged bank deposits) of approximately HK\$8.2 million (2020: approximately HK\$9.4 million), trade receivables of approximately HK\$198.4 million (2020: approximately HK\$328.7 million), and amount due from an associate of approximately HK\$19.0 million (2020: approximately HK\$21.0 million). As at 31 March 2021, the Group's current liabilities mainly comprised borrowings of approximately HK\$82.4 million (2020: approximately HK\$102.0 million), notes payable of HK\$76.6 million (2020: HK\$80.0 million), trade payables of approximately HK\$17.3 million (2020: approximately HK\$11.1 million) and accruals, other payables and deposits received of approximately HK\$137.5 million (2020: approximately HK\$90.5 million). The Group's current ratio decreased from approximately 1.3 times as at 31 March 2020 to approximately 0.7 times as at 31 March 2021. The total outstanding notes payable and borrowings of the Group as at 31 March 2021 was approximately HK\$159.0 million (31 March 2020: approximately HK\$184.6 million), of which approximately HK\$31.6 million (31 March 2020: approximately HK\$57.3 million) was due to banks, approximately HK\$50.5 million (31 March 2020: approximately HK\$44.7 million) was due to independent third parties, and notes payable of approximately HK\$76.6 million (31 March 2020: HK\$82.6 million). The decrease was due to the net effect of repayment of bank and notes payable and other payables drawn during the year ended 31 March 2021. As at 31 March 2021, the Group's net assets was approximately HK\$54.5 million, representing a decrease of 82.7% from approximately HK\$315.1 million as at 31 March 2020. The Group has certain receivables, trading contracts and equity investment assigned to secure bank and other loan. Save as disclosed above, the Group has no other charges on its assets as at 31 March 2021.

## **CONTINGENT LIABILITIES**

The Group had no significant contingent liabilities as at 31 March 2021.

## **GUARANTEES**

The Group had no material guarantees as at 31 March 2021.

## **MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARY OR ASSOCIATED COMPANY**

The Group had no material acquisitions and disposal of subsidiaries and affiliated companies during the year ended 31 March 2021.

## **ASSOCIATED COMPANY**

Kedah Synergy Limited (“**KSL**”), together with its subsidiaries (the “**KSL Group**”), are associated companies of the Group which was owned as to 47.5% by the Group. KSL Group is principally engaged in the business of energy saving management in South Africa.

The revenue of KSL Group for the year ended 31 March 2021 was approximately HK\$52.8 million (for the year ended 31 March 2020: approximately HK\$43.7 million). The net profit attributable to the shareholders of KSL Group for the year ended 31 March 2021 was HK\$20.1 million, increased from approximately HK\$5.0 million for the year ended 31 March 2020, as the installation of the customised LED products in the retail outlets of a major retailer in South Africa had been returned to normal during a pause of lock down period in South Africa.

Saved as disclosed above, there were no other significant investments held, and other plans for material investments or capital assets during the year ended 31 March 2021.

## **EMPLOYEES AND REMUNERATION POLICIES**

As of 31 March 2021, the Group had 37 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 Scheme (“**MPF Scheme**”). Under the MPF Scheme, each of the Group companies (i.e. the employer) and its employees make monthly contributions to the scheme at 5% of the employees’ monthly 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 Group also operates a number of defined contribution retirement schemes outside Hong Kong in accordance with local statutory requirements. The assets of these schemes are generally held in separate administered funds and are generally funded by payments from employees and by the relevant group companies.

## **PLACING OF SHARES**

On 21 August 2020, the Company entered into a placing agreement (the “**Placing Agreement**”) with ChaoShang Securities Limited (the “**Placing Agent**”), pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure, on a best efforts basis, not less than six placees who and whose ultimate beneficial owners shall be independent third parties of the Company to subscribe for up to 110,000,000 placing shares at the placing price of HK\$0.166 per placing share (the “**Placing**”). On 21 August 2020, being the date of the Placing Agreement, the closing price of the shares of the Company was HK\$0.195 per share as quoted on the Stock Exchange. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the placees and their respective ultimate beneficial owners are independent third parties of the Company. The completion of the Placing took place on 2 September 2020.

The net proceeds from the Placing were intended to be used for repayment of the Company’s borrowings. Please refer to the announcements of the Company dated 21 August 2020 and 2 September 2020 for details of the Placing.

The net proceeds, after deduction of all relevant expenses (including the placing commission and legal expenses) incidental to the Placing of approximately HK\$0.6 million, were approximately HK\$17.7 million. The net placing price was approximately HK\$0.161 per share. As at the date of this announcement, the Company has utilised all of the net proceeds from the Placing to repay its borrowings as intended.

## GRANT OF SHARE OPTIONS

On 2 April 2020, the Company granted a total of 36,560,000 share options to subscribe for an aggregate of 36,560,000 ordinary shares of HK\$0.01 each in the share capital of the Company, comprising (i) 11,150,000 share options to five Directors; and (ii) 25,410,000 share options to certain qualified participants (as defined below), being employees of the Group, under the share option scheme adopted by the Company on 5 March 2015 (as amended on 26 October 2016) (the “**Grant**”). Details of the grant are set out in the Company’s announcement dated 2 April 2020.

## SHARE OPTIONS SCHEME

The Company has adopted the Share Option Scheme on 5 March 2015 (which was amended on 26 October 2016) (“**Share Option Scheme**”). Under the Share Option Scheme, the Board may in its absolute discretion grant options to directors or employees (whether full time or part time) of our Company and its subsidiaries and associated companies (the “**Qualified Participants**”) subscribe for its shares. The purpose of the Share Option Scheme is to enable the Company to provide an incentive for the Qualified Participants to work with commitment towards enhancing the value of our Company and its shares for the benefit of the shareholders, and to maintain or attract business relationships with the Qualified Participants whose contributions are or may be beneficial to the growth of our Group.



The following table discloses movements in the Company's share options during the year ended 31 March 2021:

Grantees	Date of grant	Exercise period	Exercise price	Outstanding as at 1 April 2020	Number of share options				Outstanding as at 31 March 2021
					Granted during the year	Exercised during the year	Lapsed/forfeited during the year	Cancelled during the year	
<b>Directors</b>									
WONG Man Fai Mansfield	2 April 2020	2 April 2020 to 1 April 2022	HK\$0.290 per share	–	5,500,000	–	–	–	5,500,000
LAM Arthur	2 April 2020	2 April 2020 to 1 April 2022	HK\$0.290 per share	–	5,500,000	–	–	–	5,500,000
CHUNG Koon Yan	2 April 2020	2 April 2020 to 1 April 2021	HK\$0.290 per share	–	25,000	–	–	–	25,000*
		2 July 2021 to 1 April 2023	HK\$0.290 per share	–	6,250	–	–	–	6,250
		2 October 2021 to 1 April 2023	HK\$0.290 per share	–	6,250	–	–	–	6,250
		2 January 2022 to 1 April 2023	HK\$0.290 per share	–	6,250	–	–	–	6,250
CHEUNG Yick Hung Jackie	2 April 2020	2 April 2020 to 1 April 2021	HK\$0.290 per share	–	25,000	–	–	–	25,000*
		2 July 2021 to 1 April 2023	HK\$0.290 per share	–	6,250	–	–	–	6,250
		2 October 2021 to 1 April 2023	HK\$0.290 per share	–	6,250	–	–	–	6,250
		2 January 2022 to 1 April 2023	HK\$0.290 per share	–	6,250	–	–	–	6,250
WONG Chi Ying Anthony	2 April 2020	2 April 2020 to 1 April 2021	HK\$0.290 per share	–	25,000	–	–	–	25,000*
		2 July 2021 to 1 April 2023	HK\$0.290 per share	–	6,250	–	–	–	6,250
		2 October 2021 to 1 April 2023	HK\$0.290 per share	–	6,250	–	–	–	6,250
		2 January 2022 to 1 April 2023	HK\$0.290 per share	–	6,250	–	–	–	6,250
<b>Employees</b>	Employees in aggregate	19 April 2018 to 18 April 2020	HK\$1.268 per share	3,072,600	–	–	3,072,600	–	–
		19 April 2018 to 18 April 2021	HK\$1.268 per share	1,650,000	–	–	–	–	1,650,000**
		2 April 2020 to 1 April 2022	HK\$0.290 per share	–	16,510,000	–	5,510,000	–	11,000,000
		2 April 2020 to 1 April 2021	HK\$0.290 per share	–	4,450,000	–	575,000	–	3,875,000*
		2 April 2020 to 1 April 2023	HK\$0.290 per share	–	1,112,500	–	143,750	–	968,750
		2 April 2020 to 1 April 2023	HK\$0.290 per share	–	1,112,500	–	143,750	–	968,750
		2 April 2020 to 1 April 2023	HK\$0.290 per share	–	1,112,500	–	143,750	–	968,750
		2 April 2020 to 1 April 2023	HK\$0.290 per share	–	1,112,500	–	143,750	–	968,750
				4,722,600	36,560,000	–	9,732,600	–	31,550,000

\* Such outstanding share options lapsed on 1 April 2021.

\*\* Such outstanding share options lapsed on 18 April 2021.

## **FOREIGN CURRENCY EXPOSURE**

The 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 a continuously increase in revenue from overseas markets, 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, 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 2021, the gearing ratio of the Group was 392.1%, which has increased from 77.7% as at 31 March 2020. The increase was mainly due to the significant decrease of the Group's total equity.

## **DIVIDEND**

The Board did not recommend the payment of any dividend for the year ended 31 March 2021 (31 March 2020: Nil).

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

## **FUTURE OUTLOOK**

The Group expects the operating environment in 2021 and the near future to remain challenging. The instability in the global economy and political environment is increasing with the rising global tensions and intensifying climate risks. The Sino-US trade dispute has given rise to uncertainty in China's economic development and new challenges at macroeconomic level. On the other hand, there is intensified competition with other energy service companies with increasing number of competitors in the Asia-Pacific region. Although the global environment remains difficult and unstable, countries across the globe are determined to take active and prudent efforts to resolve the global energy crisis and problems posed by climate change.

The Group will strive to maintain its performance in its core business to generate recurring and stable income while undertake business expansion in accelerating the company growth.

## **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 2021.

## **DIRECTORS’ INTERESTS IN COMPETING BUSINESS**

As of 31 March 2021, none of the Directors, the 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 year ended 31 March 2021.

## **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 “**Corporate Governance Code**”) contained in Appendix 14 of the Listing Rules, together with compliance with the relevant code provisions.

The Board is of the view that, throughout the year ended 31 March 2021, 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:

The roles of Chairman of the Board and Chief Executive Officer of the Company have been performed by Mr. WONG Man Fai Mansfield. Although under code provision A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual, the combination of the roles of chairman and chief executive officer by Mr. WONG Man Fai Mansfield was considered to be in the best interests of the Company and its shareholders as a whole. Mr. WONG has been leading the Group as the Chief Executive Officer and one of our subsidiaries since 2009, thus, the Board believes that the combined roles of Mr. WONG promotes better leadership for both the Board and management and enables more focused development of business strategies and implementation of objectives and policies. The balance between power and authority is maintained by the openness and cooperative spirit of the senior management and the Board, which comprise experienced and high-calibre individuals. The Board currently comprises three independent non-executive Directors and has a fairly strong independence element in its composition. The structure is supported by the Company's well established corporate governance structure and internal control system. 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.

A detailed Corporate Governance Report setting out the Group's framework of governance and explanations about how the provisions of the Corporate Governance Code have been applied will be included in the Company's 2020/2021 Annual Report.

## **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 2021 and up to the date of this announcement.

## **AUDIT COMMITTEE AND REVIEW OF CONSOLIDATED FINANCIAL INFORMATION**

The audit committee of the Board (the “**Audit Committee**”) was established with its defined 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. As at the date of this announcement, the Audit Committee of the Company 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, with Mr. CHUNG Koon Yan 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 reviewing the efficiency and effectiveness of the Group’s operations, external audit and of risk management and internal control systems. The Audit Committee has reviewed the audited consolidated annual results of the Group for the year ended 31 March 2021, including the accounting principles and practices adopted by the Group, which was of the opinion that such financial information complied with the applicable accounting standards and requirements and the Listing Rules, and adequate disclosures had been made.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company (the “**AGM**”) is scheduled to be held on Thursday, 16 September 2021. A circular containing, among other matters, further information relating to the AGM 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 Thursday, 16 September 2021) be closed from Friday, 10 September 2021 to Thursday, 16 September 2021, both dates inclusive, during which period no transfer of shares of the Company 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 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 9 September 2021.

## **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Company's articles of association, or the applicable laws of 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 preliminary announcement of Group's results for the year ended 31 March 2021 as set out in this 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 preliminary announcement.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.synergy-group.com>). The Annual Report of the Company for the year ended 31 March 2021 containing the information required by Appendix 16 to 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, 30 June 2021

*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.*