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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: 8105)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2015**

#### **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, for which the directors (the “Directors”) of Synergy Group Holdings International Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and; (ii) there are no other matters the omission of which would make any statement herein or this announcement misleading.*

**HIGHLIGHTS:**

- Revenue increased by 39.5% from HK\$79.9 million for the year ended 31 March 2014 to HK\$111.5 million for the year ended 31 March 2015.
- Gross profit increased by 25.2% from HK\$51.0 million for the year ended 31 March 2014 to HK\$63.8 million for the year ended 31 March 2015.
- Profit for the year ended 31 March 2015 increased by 11.4% from HK\$23.5 million for the year ended 31 March 2014 to HK\$26.2 million for the year ended 31 March 2015.
- The net profit (net of the listing expenses of HK\$15.6 million) for the year ended 31 March 2015 amounted to HK\$41.8 million, representing an increase of 43.6% as compared with last year.
- Basic earnings per share increased by 10.5% from HK5.7 cents for the year ended 31 March 2014 to HK6.3 cents for the year ended 31 March 2015.

## ANNUAL RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2015 together with the comparative figures for the prior year as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2015

|  | Notes | 2015<br>HK\$'000     | 2014<br>HK\$'000 |
|--|-------|----------------------|------------------|
| <b>Revenue</b>   | 5     | <b>111,494</b>       | 79,935           |
| Cost of sales  |       | <u>(47,655)</u>      | <u>(28,941)</u>  |
| <b>Gross profit</b>  |       | <b>63,839</b>        | 50,994           |
| Other income   | 5     | <b>1,891</b>         | 1,937            |
| Administrative expenses  |       | <b>(22,227)</b>      | (12,958)         |
| Selling and distribution costs   |       | <b>(2,775)</b>       | (2,303)          |
| Finance costs  | 6     | <b>(13)</b>          | (231)            |
| Other expenses   |       | <b>(1,053)</b>       | (2,221)          |
| Share of results of associates   |       | <b>(3,604)</b>       | (4,198)          |
| Share of results of joint ventures   |       | <u>–</u>             | <u>–</u>         |
| <b>Profit before income tax</b>  | 7     | <b>36,058</b>        | 31,020           |
| Income tax expense   | 8     | <b>(9,829)</b>       | (7,482)          |
| <b>Profit for the year</b>   |       | <b>26,229</b>        | 23,538           |
| <b>Other comprehensive income for the year</b>   |       |                      |                  |
| <b>Items that may be reclassified subsequently to profit or loss:</b>                          |       |                      |                  |
| Share of other comprehensive income of an associate  |       | <u>5</u>             | <u>–</u>         |
| <b>Total comprehensive income for the year attributable to the owners of the Company</b>       |       | <u><b>26,234</b></u> | <u>23,538</u>    |
| <b>Earnings per share for profit attributable to the owners of the Company during the year</b> |       |                      |                  |
| – Basic (HK cents)   | 10    | <u><b>6.3</b></u>    | <u>5.7</u>       |

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

|  | <i>Notes</i> | <b>2015</b><br><b>HK\$'000</b> | 2014<br><i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| <b>ASSETS AND LIABILITIES</b>                  |              |                                |                         |
| <b>Non-current assets</b>                      |              |                                |                         |
| Property, plant and equipment                  |              | <b>4,788</b>                   | 6,407                   |
| Intangible assets                              |              | –                              | 578                     |
| Interests in joint ventures                    |              | –                              | –                       |
| Interests in associates                        |              | <b>11,299</b>                  | 14,898                  |
| Finance lease receivables                      |              | <b>811</b>                     | 478                     |
| Rental deposits                                |              | <b>156</b>                     | –                       |
|  |              | <hr/> <b>17,054</b>            | <hr/> 22,361            |
| <b>Current assets</b>                          |              |                                |                         |
| Inventories                                    |              | <b>195</b>                     | 405                     |
| Trade receivables                              | <i>11</i>    | <b>58,550</b>                  | 69,897                  |
| Finance lease receivables                      |              | <b>851</b>                     | 231                     |
| Deposits, prepayments and other receivables    |              | <b>12,148</b>                  | 4,045                   |
| Due from associates                            |              | <b>2,180</b>                   | 3,711                   |
| Cash and cash equivalents                      |              | <b>27,735</b>                  | 3,202                   |
|  |              | <hr/> <b>101,659</b>           | <hr/> 81,491            |
| <b>Current liabilities</b>                     |              |                                |                         |
| Trade payables                                 | <i>12</i>    | <b>6,403</b>                   | 5,837                   |
| Accruals, other payables and deposits received |              | <b>6,790</b>                   | 8,335                   |
| Dividends payable                              |              | –                              | 40,016                  |
| Borrowings                                     |              | <b>112</b>                     | 167                     |
| Due to a related company                       |              | <b>120</b>                     | 53                      |
| Provision for taxation                         |              | <b>7,346</b>                   | 13,801                  |
|  |              | <hr/> <b>20,771</b>            | <hr/> 68,209            |
| <b>Net current assets</b>                      |              | <hr/> <b>80,888</b>            | <hr/> 13,282            |
| <b>Total assets less current liabilities</b>   |              | <hr/> <b>97,942</b>            | <hr/> 35,643            |

|   | <i>Notes</i> | <b>2015</b><br><b>HK\$'000</b> | 2014<br>HK\$'000     |
|---|--------------|--------------------------------|----------------------|
| <b>Non-current liabilities</b>                          |              |                                |                      |
| Deposits received                                       |              | <b>298</b>                     | 573                  |
| Borrowings  |              | <b>337</b>                     | –                    |
| Deferred tax liabilities                                |              | <b>404</b>                     | –                    |
|   |              | <u>1,039</u>                   | <u>573</u>           |
| <b>Net assets</b>                                       |              | <b><u>96,903</u></b>           | <b><u>35,070</u></b> |
| <b>EQUITY</b>   |              |                                |                      |
| <b>Equity attributable to the owners of the Company</b> |              |                                |                      |
| Share capital   |              | <b>5,000</b>                   | –                    |
| Reserves  |              | <b>91,903</b>                  | 35,070               |
|   |              | <u>96,903</u>                  | <u>35,070</u>        |
| <b>Total equity</b>                                     |              | <b><u>96,903</u></b>           | <b><u>35,070</u></b> |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2015

|  | Share capital<br>HK\$'000 | Share<br>premium*<br>HK\$'000 | Capital<br>reserves*<br>HK\$'000 | Merger<br>reserve*<br>HK\$'000 | Foreign<br>exchange<br>reserves*<br>HK\$'000 | Retained<br>profits*<br>HK\$'000 | Total<br>HK\$'000 |
|--|---------------------------|-------------------------------|----------------------------------|--------------------------------|--|----------------------------------|-------------------|
| <b>At 1 April 2013</b>   | -                         | -                             | 7,388                            | 16,333                         | -  | 27,827                           | 51,548            |
| Dividends (note 9)   | -                         | -                             | -                                | -                              | -  | (40,016)                         | (40,016)          |
| Transactions with owners   | -                         | -                             | -                                | -                              | -  | (40,016)                         | (40,016)          |
| Profit for the year and total<br>comprehensive income for the<br>year                | -                         | -                             | -                                | -                              | -  | 23,538                           | 23,538            |
| <b>At 31 March 2014 and<br/>1 April 2014</b>   | -                         | -                             | 7,388                            | 16,333                         | -  | 11,349                           | 35,070            |
| Arising on Reorganisation  | 4,150                     | -                             | -                                | (4,150)                        | -  | -                                | -                 |
| Issue of shares by placing   | 850                       | 41,650                        | -                                | -                              | -  | -                                | 42,500            |
| Share issues expenses  | -                         | (6,901)                       | -                                | -                              | -  | -                                | (6,901)           |
| Transactions with owners   | 5,000                     | 34,749                        | -                                | (4,150)                        | -  | -                                | 35,599            |
| Profit for the year  | -                         | -                             | -                                | -                              | -  | 26,229                           | 26,229            |
| Other comprehensive income<br>Share of other comprehensive<br>income of an associate | -                         | -                             | -                                | -                              | 5  | -                                | 5                 |
| Total comprehensive income<br>for the year   | -                         | -                             | -                                | -                              | 5  | 26,229                           | 26,234            |
| <b>At 31 March 2015</b>  | <b>5,000</b>              | <b>34,749</b>                 | <b>7,388</b>                     | <b>12,183</b>                  | <b>5</b>                                     | <b>37,578</b>                    | <b>96,903</b>     |

\* These reserve accounts comprise the consolidated reserves of approximately HK\$91,903,000 in the consolidated statement of financial position as at 31 March 2015 (2014: HK\$35,070,000).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

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

The principal activity of the Company is investment holding. In connection with the listing of the shares of the Company on GEM of the Stock Exchange, the Company underwent a reorganisation (the "Reorganisation") and the Company has become the holding company of its subsidiaries now comprising the Group since 5 March 2015. The shares of the Company were listed on GEM on 24 March 2015.

Details of the Reorganisation are set out in the section headed "History and Corporate Development" to the prospectus of the Company dated 13 March 2015.

Upon completion of the Reorganisation but before placing, the equity interest held by the Company's shareholders mirrored their respective percentage of equity interest in Synergy Group Worldwide Limited ("Synergy Worldwide") before the Reorganisation, where Synergy Worldwide is the then holding company of the Group. The Group is regarded as a continuation of Synergy Worldwide resulting from the Reorganisation as there is no change in the economic substance of the Group. Accordingly, the consolidated financial statements were prepared using the merger accounting as if the Reorganisation had been completed on 1 April 2013 and the current group structure had always been in existence. Accordingly, the consolidated statement of comprehensive income and the consolidated statement of changes in equity of the Group for the years ended 31 March 2015 and 2014 include the results and changes in equity of the companies now comprising the Group from the earliest presented or since their respective dates of incorporation, whichever was shorter, as if the current group structure had been in existence throughout those years. The consolidated statement of financial position of the Group as of 31 March 2015 and 2014 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates. No adjustment is made to reflect fair values, or to recognise any new assets or liabilities as a result of the Reorganisation.

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

#### (a) Adoption of new/revised HKFRSs – effective 1 April 2014

In current year, the Group has applied for the first time the following new or revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants which are relevant to and effective for the Group's consolidated financial statements for the annual year beginning on 1 April 2014.

|   |   |
|---|---|
| Amendments to Hong Kong Accounting Standard ("HKAS") 32 | Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities                       |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)     | Investment Entities   |
| Amendments to HKAS 39                                   | Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting |

Except as explained below, the adoption of these amendments has no material impact on the Group's consolidated financial statements.

***Amendments to HKAS 32 – Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities***

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity “currently has a legally enforceable right to set off” and when a gross settlement mechanism is considered equivalent to net settlement. The amendments are applied retrospectively.

The adoption of the amendments has no impact on the consolidated financial statements as the Group does not have any offsetting arrangements.

***Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – Investment Entities***

The amendments apply to a particular class of businesses that qualify as investment entities. An investment entity’s business purpose is to invest funds solely for returns from capital appreciation, investment income or both. It evaluates the performance of its investments on a fair value basis. Investment entities could include private equity organisations, venture capital organisations, pension funds or investment funds.

The amendments provide an exception to the consolidation requirements in HKFRS 10 “Consolidated Financial Statements” and require investment entities to measure particular subsidiaries at fair value through profit or loss rather than to consolidate them. The amendments also set out the disclosure requirements for investment entities. The amendments are applied retrospectively subject to certain transitional provisions.

The adoption of the amendments has no impact on the consolidated financial statements as the Company is not an investment entity.

**(b) New/revised HKFRSs that have been issued and have been early adopted**

***Amendments to HKAS 27 – Equity Method in Separate Financial Statements***

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements. The amendments are effective for annual periods commencing on or after 1 January 2016. The Group has early adopted the amendments to HKAS 27 in the current period.

**(c) 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.

|   |  |
|---|--|
| HKFRSs (Amendments)                                 | Annual Improvements 2010-2012 Cycle <sup>2</sup>   |
| HKFRSs (Amendments)                                 | Annual Improvements 2011-2013 Cycle <sup>1</sup>   |
| HKFRSs (Amendments)                                 | Annual Improvements 2012-2014 Cycle <sup>3</sup>   |
| Amendments to HKAS 1                                | Disclosure Initiative <sup>3</sup>   |
| Amendments to HKAS 16 and HKAS 38                   | Clarification of Acceptable Methods of Depreciation and Amortisation <sup>3</sup>                  |
| HKFRS 9 (2014)                                      | Financial Instruments <sup>5</sup>   |
| Amendments to HKFRS 10 and HKAS 28 (2011)           | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup> |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011) | Investment Entities: Applying the Consolidation Exception <sup>3</sup>                             |
| HKFRS 14  | Regulatory Deferral Accounts <sup>3</sup>  |
| HKFRS 15  | Revenue from Contracts with Customers <sup>4</sup>   |

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2014

<sup>2</sup> Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2018



### ***HKFRS 9 (2014) – Financial Instruments***

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

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

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

### ***HKFRS 15 – Revenue from Contracts with Customers***

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

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

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

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the Directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group’s financial statements.

**(d) Amended GEM Listing Rules (as below-mentioned) relating to the presentation and disclosures in financial statements**

The amended Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “Amended GEM Listing Rules”) in relation to the presentation and disclosures in financial statements, including the amendments with reference to the Companies Ordinance, Cap. 622 which became effective on 3 March 2014, will first apply to the Company in its financial year ending on 31 March 2016.

The Directors consider that there will be no impact on the Group’s financial position or performance. However the Amended GEM Listing Rules would have impacts on the presentation and disclosures in the consolidated 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 Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the GEM Listing Rules.

**(b) Basis of measurement**

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

**(c) Functional and presentation currency**

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

**4. SEGMENT INFORMATION**

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

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

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

|                                 | <b>Leasing<br/>service of<br/>lighting<br/>systems<br/><i>HK\$'000</i></b> | <b>Trading<br/>of lighting<br/>products<br/><i>HK\$'000</i></b> | <b>Consultancy<br/>service<br/><i>HK\$'000</i></b> | <b>Total<br/><i>HK\$'000</i></b> |
|---------------------------------|--|---|--|----------------------------------|
| <b>Year ended 31 March 2015</b> |  |   |  |                                  |
| Revenue from external customers | <u>8,831</u>   | <u>74,856</u>   | <u>27,807</u>                                      | <u>111,494</u>                   |
| Reportable segment profit       | <u>4,334</u>   | <u>32,212</u>   | <u>27,016</u>                                      | <u>63,562</u>                    |
| Capital expenditure             | <u>1,647</u>   | <u>–</u>  | <u>–</u>   | <u>1,647</u>                     |
| Depreciation                    | <u>2,119</u>   | <u>–</u>  | <u>–</u>   | <u>2,119</u>                     |
| <b>As at 31 March 2015</b>      |  |   |  |                                  |
| Reportable segment assets       | <u>7,478</u>   | <u>49,626</u>   | <u>17,305</u>                                      | <u>74,409</u>                    |
| Reportable segment liabilities  | <u>1,719</u>   | <u>7,706</u>  | <u>27</u>  | <u>9,452</u>                     |
|                                 | <b>Leasing<br/>service of<br/>lighting<br/>systems<br/><i>HK\$'000</i></b> | <b>Trading of<br/>lighting<br/>products<br/><i>HK\$'000</i></b> | <b>Consultancy<br/>service<br/><i>HK\$'000</i></b> | <b>Total<br/><i>HK\$'000</i></b> |
| <b>Year ended 31 March 2014</b> |  |   |  |                                  |
| Revenue from external customers | <u>10,020</u>  | <u>42,059</u>   | <u>27,856</u>                                      | <u>79,935</u>                    |
| Reportable segment profit       | <u>4,921</u>   | <u>19,142</u>   | <u>26,537</u>                                      | <u>50,600</u>                    |
| Capital expenditure             | <u>1,087</u>   | <u>–</u>  | <u>–</u>   | <u>1,087</u>                     |
| Depreciation                    | <u>2,480</u>   | <u>–</u>  | <u>–</u>   | <u>2,480</u>                     |
| <b>As at 31 March 2014</b>      |  |   |  |                                  |
| Reportable segment assets       | <u>8,127</u>   | <u>32,195</u>   | <u>37,238</u>                                      | <u>77,560</u>                    |
| Reportable segment liabilities  | <u>1,311</u>   | <u>7,313</u>  | <u>48</u>  | <u>8,672</u>                     |

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

|                                    | <b>Year ended 31 March</b> |                 |
|------------------------------------|----------------------------|-----------------|
|                                    | <b>2015</b>                | 2014            |
|                                    | <b><i>HK\$'000</i></b>     | <i>HK\$'000</i> |
| Reportable segment profit          | <b>63,562</b>              | 50,600          |
| Unallocated corporate income       | <b>1,800</b>               | 2,179           |
| Unallocated corporate expenses     | <b>(10,058)</b>            | (11,721)        |
| Listing expenses                   | <b>(15,629)</b>            | (5,609)         |
| Finance costs                      | <b>(13)</b>                | (231)           |
| Share of results of associates     | <b>(3,604)</b>             | (4,198)         |
| Share of results of joint ventures | <b>–</b>                   | –               |
|                                    | <hr/>                      | <hr/>           |
| Profit before income tax           | <b>36,058</b>              | 31,020          |
|                                    | <hr/> <hr/>                | <hr/> <hr/>     |
|                                    | <b>As at 31 March</b>      |                 |
|                                    | <b>2015</b>                | 2014            |
|                                    | <b><i>HK\$'000</i></b>     | <i>HK\$'000</i> |
| Reportable segment assets          | <b>74,409</b>              | 77,560          |
| Interests in joint ventures        | <b>–</b>                   | –               |
| Interests in associates            | <b>11,299</b>              | 14,898          |
| Cash and cash equivalents          | <b>27,735</b>              | 3,202           |
| Due from associates                | <b>2,180</b>               | 3,711           |
| Other corporate assets             | <b>3,090</b>               | 4,481           |
|                                    | <hr/>                      | <hr/>           |
| Group assets                       | <b>118,713</b>             | 103,852         |
|                                    | <hr/> <hr/>                | <hr/> <hr/>     |
|                                    | <b>As at 31 March</b>      |                 |
|                                    | <b>2015</b>                | 2014            |
|                                    | <b><i>HK\$'000</i></b>     | <i>HK\$'000</i> |
| Reportable segment liabilities     | <b>9,452</b>               | 8,672           |
| Borrowings                         | <b>449</b>                 | 167             |
| Provision for taxation             | <b>7,346</b>               | 13,801          |
| Deferred tax liabilities           | <b>404</b>                 | –               |
| Due to a related company           | <b>120</b>                 | 53              |
| Other corporate liabilities        | <b>4,039</b>               | 46,089          |
|                                    | <hr/>                      | <hr/>           |
| Group liabilities                  | <b>21,810</b>              | 68,782          |
|                                    | <hr/> <hr/>                | <hr/> <hr/>     |

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

|                       | <b>Revenue from<br/>external customers</b> |                 |
|-----------------------|--|-----------------|
|                       | <b>Year ended 31 March</b>                 |                 |
|                       | <b>2015</b>                                | 2014            |
|                       | <i>HK\$'000</i>                            | <i>HK\$'000</i> |
| Hong Kong (domiciled) | <b>46,877</b>                              | 42,873          |
| Japan                 | <b>34,471</b>                              | 23,594          |
| Australia             | <b>22,305</b>                              | 3,853           |
| Malaysia              | <b>552</b>                                 | 5,859           |
| Other countries       | <b>7,289</b>                               | 3,756           |
|                       | <b>111,494</b>                             | 79,935          |

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".

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

|               | <b>Revenue from<br/>external customers</b> |                 |
|---------------|--|-----------------|
|               | <b>Year ended 31 March</b>                 |                 |
|               | <b>2015</b>                                | 2014            |
|               | <i>HK\$'000</i>                            | <i>HK\$'000</i> |
| Customer A #  | n/a  | 27,856          |
| Customer B ## | <b>34,471</b>                              | 23,594          |
| Customer C ## | <b>22,305</b>                              | n/a             |
| Customer D #  | <b>18,305</b>                              | n/a             |

# *Attributable to the segment of Consultancy service*

## *Attributable to the segment of trading of lighting products*

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

## 5. REVENUE AND OTHER INCOME

- (a) Revenue, which is also the Group's turnover, represents the income from trading of lighting products and provision of leasing and Consultancy service. An analysis of revenue is as follows:

|                              | Year ended 31 March     |                         |
|------------------------------|-------------------------|-------------------------|
|                              | 2015<br><i>HK\$'000</i> | 2014<br><i>HK\$'000</i> |
| Leasing service income       | 8,831                   | 10,020                  |
| Trading of lighting products | 74,856                  | 42,059                  |
| Consultancy service income   | 27,807                  | 27,856                  |
|                              | <u>111,494</u>          | <u>79,935</u>           |

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

|  | Year ended 31 March     |                         |
|--|-------------------------|-------------------------|
|  | 2015<br><i>HK\$'000</i> | 2014<br><i>HK\$'000</i> |
| Management service income received from an associate | 1,800                   | 1,800                   |
| Others   | 91                      | 137                     |
|  | <u>1,891</u>            | <u>1,937</u>            |

## 6. FINANCE COSTS

|  | Year ended 31 March     |                         |
|--|-------------------------|-------------------------|
|  | 2015<br><i>HK\$'000</i> | 2014<br><i>HK\$'000</i> |
| Interest expenses for financial liabilities carried at amortised cost: |                         |                         |
| Interest on borrowings wholly repayable within five years              | 13                      | 162                     |
| Transaction costs on import loans                                      | –                       | 69                      |
|  | <u>13</u>               | <u>231</u>              |

## 7. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

|   | Year ended 31 March |                  |
|---|---------------------|------------------|
|   | 2015<br>HK\$'000    | 2014<br>HK\$'000 |
| Auditor's remuneration  | 680                 | 340              |
| Amortisation of intangible assets (included in cost of sales)   | 578                 | 770              |
| Cost of inventories sold  | 42,232              | 22,072           |
| Depreciation of property, plant and equipment   | 2,208               | 2,534            |
| Employee benefit expenses (including Directors' remuneration)   |                     |                  |
| – salaries and welfare  | 5,571               | 5,230            |
| – defined contributions   | 226                 | 225              |
|   | 5,797               | 5,455            |
| Warranty provision, net of reversal   | 326                 | 296              |
| Bad debts written off   | 40                  | 222              |
| Loss on disposal of a joint venture   | 199                 | –                |
| Losses on disposals of property, plant and equipment  | 405                 | 385              |
| Net foreign exchange loss   | 47                  | 2                |
| Listing expenses (included in administrative expenses)  | 15,629              | 5,609            |
| Minimum lease payments under operating leases in respect of offices,<br>a warehouse, motor vehicle licences and an office equipment | 1,463               | 1,686            |
|   | <u>1,463</u>        | <u>1,686</u>     |

## 8. INCOME TAX EXPENSE

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

|                                     | Year ended 31 March |                  |
|-------------------------------------|---------------------|------------------|
|                                     | 2015<br>HK\$'000    | 2014<br>HK\$'000 |
| Current tax – Hong Kong profits tax |                     |                  |
| – Tax for the year                  | 9,425               | 7,482            |
| Deferred tax                        |                     |                  |
| – Current year                      | 404                 | –                |
| Income tax expense                  | <u>9,829</u>        | <u>7,482</u>     |

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

## 9. DIVIDENDS

|                   | Year ended 31 March |          |
|-------------------|---------------------|----------|
|                   | 2015                | 2014     |
|                   | HK\$'000            | HK\$'000 |
| Interim dividends | —                   | 40,016   |

No dividend has been paid or declared by the Company since its date of incorporation.

Interim dividends of approximately HK\$40,016,000 for the year ended 31 March 2014, represented dividends paid by Synergy Worldwide, the holding company of the Group before Reorganisation, to its then equity owners. The rates of dividend and the number of shares ranking for dividends are not presented as such information are not meaningful.

The Directors do not recommend the payment of any final dividend for the year ended 31 March 2015 (2014: Nil).

## 10. EARNINGS PER SHARE

|  | Year ended 31 March |               |
|--|---------------------|---------------|
|  | 2015                | 2014          |
|  | HK\$'000            | HK\$'000      |
| <b>Earnings</b>                                  |                     |               |
| Profit attributable to the owners of the Company | <u>26,229</u>       | <u>23,538</u> |

  

|   | Year ended 31 March |                |
|---|---------------------|----------------|
|   | 2015                | 2014           |
|   | '000                | '000           |
| <b>Number of shares</b>                           |                     |                |
| Weighted average number of shares ( <i>note</i> ) | <u>416,863</u>      | <u>415,000</u> |

*Note:* The weighted average of 415,000,000 ordinary shares derived for the calculation of basic earnings per share for the year ended 31 March 2014 represents the number of ordinary shares of the Company in issue immediately after the Reorganisation, assuming that 415,000,000 ordinary shares were in issue pursuant to the Reorganisation throughout the year ended 31 March 2014.

The weighted average of 416,863,000 ordinary shares derived for calculation of basic earnings per share for the year ended 31 March 2015, includes the weighted average of 85,000,000 ordinary shares issued upon the placing, in addition to the aforementioned 415,000,000 ordinary shares for the year ended 31 March 2014.

No diluted earnings per share is presented as the Group had no potential ordinary shares during the years ended 31 March 2015 and 2014.



## 11. TRADE RECEIVABLES

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

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

|                 | As at 31 March  |                 |
|-----------------|-----------------|-----------------|
|                 | 2015            | 2014            |
|                 | <i>HK\$'000</i> | <i>HK\$'000</i> |
| 0 to 30 days    | 27,223          | 25,040          |
| 31 to 90 days   | 8,239           | 906             |
| 91 to 180 days  | 21,071          | 9,587           |
| 181 to 365 days | 40              | 23,929          |
| Over 365 days   | 1,977           | 10,435          |
|                 | <u>58,550</u>   | <u>69,897</u>   |

## 12. TRADE PAYABLES

Ageing analysis of the Group's trade payables is as follows:

|                | As at 31 March  |                 |
|----------------|-----------------|-----------------|
|                | 2015            | 2014            |
|                | <i>HK\$'000</i> | <i>HK\$'000</i> |
| 0 to 30 days   | 6,044           | 3,065           |
| 31 to 90 days  | 356             | 32              |
| 91 to 180 days | –               | 2,733           |
| Over 180 days  | 3               | 7               |
|                | <u>6,403</u>    | <u>5,837</u>    |

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

On 24 March 2015, the shares of the Company were listed on GEM of the Stock Exchange (the “**Listing**”), which was a significant milestone in our development history.

For the year ended 31 March 2015, energy saving products and services market was one of the focus industries, mainly because of the growing concern by the public on environmental protection due to severer climate change and higher operating costs suffered by corporations due to the increasing electricity prices.

We are 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. For the year ended 31 March 2015, the Group recorded a total revenue of HK\$111.5 million, representing an increase of 39.5% as compared to HK\$79.9 million for the year ended 31 March 2014. For the year ended 31 March 2015, net profit (net of the listing expenses of HK\$15.6 million) attributable to owners of the Company amounted to HK\$41.8 million, representing an increase of approximately 43.6% as compared to the corresponding amount of HK\$29.1 million for the year ended 31 March 2014.

For the year ended 31 March 2015, our Group focused on developing our trading business especially our overseas markets, as a result, revenue generated from our trading segment increased 78.0% from HK\$42.1 million for the year ended 31 March 2014 to HK\$74.9 million for the year ended 31 March 2015, while our consultancy service segment remained relatively stable and leasing service segment recorded a slight decrease in revenue.

Benefiting from the high 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.

### Financial Review

Revenue was HK\$111.5 million for the year ended 31 March 2015, representing a 39.5% improvement compared to the year ended 31 March 2014. There has been an increasing demand for the Group’s energy saving products and services. Gross profit margin decreased from 63.8% for the year ended 31 March 2014 to 57.3% for the year ended 31 March 2015. Such decrease was mainly due to an increase in revenue generated from the trading of lighting products segment which had relatively lower gross profit margin than the consultancy services, which are provided by our Group to third parties in assisting them in providing energy saving services in their markets (the “**Consultancy Services**”).

Other income, remained relatively stable at HK\$1.9 million, mainly consisted of a monthly service fee of HK\$150,000 received from an associate of our Group.

### *Selling and distribution costs*

The Group’s selling and distribution costs for the year ended 31 March 2015 were HK\$2.8 million, representing an increase of 20.5% from HK\$2.3 million for the year ended 31 March 2014. The increase in the Group’s selling and distribution costs was mainly due to the increase in number of sales staff.

### *Administrative expenses*

The Group's administrative expenses for the year ended 31 March 2015 were HK\$22.2 million, representing an increase of 71.5% from HK\$13.0 million for the year ended 31 March 2014. The Group's administrative expenses excluding listing-related expenses for the year ended 31 March 2015 were HK\$6.6 million, representing a decrease of 10.2% from HK\$7.3 million for the year ended 31 March 2014. The decrease was mainly due to the decrease in salaries and travelling expenses.

### *Finance costs*

The Group's finance costs decreased from HK\$0.2 million for the year ended 31 March 2014 to approximately HK\$13,000 for the year ended 31 March 2015. The decrease was mainly due to no new bank borrowings being made during the year ended 31 March 2015.

### *Other expenses*

The Group's other expenses decreased from HK\$2.2 million for the year ended 31 March 2014 to HK\$1.1 million for the year ended 31 March 2015. The decrease was mainly due to the decrease in tax surcharge.

### *Income tax expense*

The Group's income tax expense for the year ended 31 March 2015 was HK\$9.8 million, representing an increase of 31.4% from HK\$7.5 million for the year ended 31 March 2014. The increase was mainly due to the increase in taxable income.

### *Profit for the year*

As a result of the foregoing, our profit attributable to the owners of the Company increased by 11.4% from HK\$23.5 million for the year ended 31 March 2014 to HK\$26.2 million for the year ended 31 March 2015. Excluding the non-recurring listing-related expenses, our profit for the year ended 31 March recorded as HK\$41.8 million, representing a 43.6% increase as compared to the year ended 31 March 2014.

The following table reconciles our net profit (net of listing-related expenses) for the years presented to the audited profit for the years indicated:

|   | Year ended 31 March |                  | Change<br>% |
|---|---------------------|------------------|-------------|
|   | 2015<br>HK\$'000    | 2014<br>HK\$'000 |             |
| Profit for the year   | 26,229              | 23,538           | 11.4        |
| Add:  |                     |                  |             |
| Listing-related expenses  | 15,629              | 5,609            | 178.6       |
| Net profit for the year<br>(net of listing-related expenses) (note) | <u>41,858</u>       | <u>29,147</u>    | <u>43.6</u> |

*Note:* The increase is generally in line with the increase in our revenue, and also as a result of the decrease in administrative expenses and other expenses. Potential investors should be aware that this net profit for the year (net of listing-related expenses) presented in this announcement may not be comparable to similar titled measures reported by other companies due to differences in the components of the calculations.

## Liquidity and Financial Resources

The Group mainly finances its business with internally generated cash flows and proceeds from the Listing. As at 31 March 2015, current assets of the Group amounted to HK\$101.7 million, representing an increase of 24.7% from HK\$81.5 million as at 31 March 2014. Current assets mainly comprised cash and bank balances of HK\$27.7 million (2014: HK\$3.2 million) and trade receivables of HK\$58.6 million (2014: HK\$69.9 million). As at 31 March 2015, the Group's current liabilities mainly comprised trade payables of HK\$6.4 million (2014: HK\$5.8 million) and accruals, other payables and deposits received of HK\$6.8 million (2014: HK\$8.3 million). The Group's current ratio increased from 1.2 times as at 31 March 2014 to 4.9 times as at 31 March 2015. The Group has sufficient working capital to meet the current liquidity demand within at least 12 months from the date of this announcement.

The total outstanding borrowings of the Group as at 31 March 2015 was approximately HK\$449,000 (2014: approximately HK\$167,000) due to an independent third party.

As at 31 March 2015, the Group's equity attributable to the owners of the Company was HK\$96.9 million, representing an increase of 176.3% from HK\$35.1 million as at 31 March 2014.

## Contingent Liabilities

The Group has contingent liabilities in respect of its failure to notify chargeability to tax of a Hong Kong subsidiary for the year of assessment of 2010/2011 to the Inland Revenue Department (“**IRD**”) in Hong Kong. Under Section 82A of the Inland Revenue Ordinance (Cap. 112 of the laws of Hong Kong), the maximum penalty as a result of the failure to notify chargeability would be treble the amount of tax undercharged of the year of assessment concerned.

In April 2013, the Group has received tax assessment for 2009/2010 and 2010/2011 issued by the IRD (“**IRD Tax Assessment**”). Pursuant to the IRD Tax Assessment, which were assessed based on the information submitted by the Group to IRD, the adjusted tax loss was approximately HK\$5,107,000 for the year of assessment of 2009/2010 (the “**Adjusted Tax Losses**”) and tax liability was approximately HK\$2,196,000 for the year of assessment of 2010/2011. The Adjusted Tax Losses for the year of assessment of 2009/2010 was used to offset against the assessable profits for the year of assessment of 2010/2011.

In the opinion of the Directors, taking into consideration of IRD Tax Assessment received, the tax liability for the year of assessment of 2010/2011 is approximately HK\$2,196,000. Accordingly, the Directors are of the opinion that the maximum penalty as a result of the failure to notify chargeability for year of assessment of 2010/2011 would be approximately HK\$6,588,000, which is subject to further/additional tax assessment of the IRD, if any.

During the year, 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. The duration of the agreements were 48 months and 59 months respectively, with average monthly rent charged to the associate of approximately RM21,000 (equivalent to approximately HK\$45,000).

Save as disclosed above, we did not have any material contingent liabilities or guarantees as at 31 March 2015.

### **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% 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 air conditioning and cooling management.

The turnover of the Cooling Group for the year ended 31 March 2015 was HK\$6.1 million, representing an increase of 45.2% from HK\$4.2 million for the year ended 31 March 2014. It was mainly attributable to the incorporation of SE (Malay) during the year ended 31 March 2015 in accordance with Cooling Group’s expansion strategy. The net loss attributable to the shareholders of the Cooling Group for the year ended 31 March 2015 was HK\$13.3 million, representing a decrease of 14.2% from HK\$15.5 million for the year ended 31 March 2014.

### **Employees and Remuneration Policies**

As of 31 March 2015, the Group had 20 full-time employees. The Group offers competitive remuneration package commensurate with industry practice and provides benefits to its employees, including bonuses, medical coverage and provident fund contributions.

### **Share Option Scheme**

A share option scheme (the “**Share Option Scheme**”) adopted by the Company was approved by its shareholders on 5 March 2015. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for 10 years from 5 March 2015. Under the Share Option Scheme, the Directors may in its absolute discretion offer to grant to any qualified participant an option to subscribe for the number of shares at an exercise price determined by the Board, being at least the highest of (i) the closing price of shares of the Company as stated in the Stock Exchange’s daily quotation sheets on the date of the offer of grant; (ii) the average of the closing prices of the shares of the Company as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares of the Company. The offer of a grant of options may be accepted within 20 business days from the date of the offer. HK\$1.00 is payable by any qualified participant to our Company on acceptance of the option offer as consideration for the grant. Qualified participants include any director or employee (whether full time or part time) of our Company and its subsidiaries and associated companies (as defined under the Companies Ordinance, Cap. 622 of the laws of Hong Kong).

The options granted may be exercised in whole or in part by the grantees. The exercise period of the options granted shall be a period of time to be notified by the Directors to the grantees, which the Directors may in its absolute discretion determine, save that such period shall not be more than 10 years commencing on the date of the offer of grant.

The maximum number of shares issuable upon exercise of the options which may be granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the shares of the Company then in issue. Any further grant of share options in excess of this limit is subject to the Company's shareholders' approval in a general meeting.

The maximum number of shares in respect of which options may be granted under this Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of shares in issue as at the date which the Company's shares first commence trading on GEM, being 50,000,000 shares.

No share options were granted under the Share Option Scheme during the year ended 31 March 2015. As at 31 March 2015, there were no outstanding options granted under the Share Option Scheme. Share options do not confer rights to the holders to dividends or to vote at shareholders' meetings.

### **Capital Structure**

The shares of the Company were listed on GEM of the Stock Exchange on 24 March 2015. There has been no change in the capital structure of the Company since the date of Listing up to the date of this announcement.

### **Significant Investment – Disposal of a Joint Venture**

During the year ended 31 March 2015, we had a joint venture in Mexico, LNG Synergy S.A. DE C.V. (“**LNG Synergy**”), through Synergy Lighting (Mexico) Limited (“**SLM**”), and we disposed our interest in such Mexico joint venture in October 2014.

SLM was a limited liability company incorporated in Hong Kong on 2 December 2010, which was used as a joint venture vehicle between our Group and La Nao Green Limited (“**LNG**”). As at 18 December 2010, SLM was held as to 55% by Synergy Group Worldwide Limited (“**Synergy Worldwide**”) and 45% by LNG. SLM formed LNG Synergy, a limited liability company in Mexico on 26 May 2011 which was then intended to be used as an operating vehicle of SLM to focus on the sale and marketing of energy saving lighting system in the region of Mexico. As the business plan for the Mexico region had not materialised, Synergy Worldwide disposed of the 5,500 issued shares, representing 55% equity interest, held by it in SLM to LNG at the consideration of HK\$1 on 17 October 2014, which has been properly and legally completed and settled.

### **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. Our Group is mainly exposed to the foreign currency risk of Renminbi and US dollar. As the Hong Kong dollar is pegged to the US dollar, we do not expect any significant movement in the US dollar/Hong Kong dollar exchange rate. We consider the currency risk resulting from our daily operations is not significant, thus our Group does not have a foreign currency hedging policy as at the date of this announcement.

### **Gearing Ratio**

As at 31 March 2015, the gearing ratio of the Group remained at approximately 0.5%, which is based on the amount of total debts divided by the total equity.



## **Dividend**

The Board did not recommend the payment of a final dividend for the year ended 31 March 2015.

## **Future Outlook**

Looking into the coming year, we believe that most countries in the world will promote the use of energy saving products due to the severer contamination of the environment and ever increasing energy prices. Corporations are also keen to use energy saving products so as to reduce operating costs due to increasing electricity prices.

In order to cope with the increasing demand for energy saving products and services, the Group formulates and implements the following strategies:

### ***Further expand in international markets through customisation of our lighting products and appointment of distributors***

In view of the generally rising trend in energy prices and enhanced awareness of energy efficiency around the world, we plan to further penetrate into existing overseas markets and explore new international markets. We believe that our lighting products, including but not limited to our “Tube-in-Tube” Fluorescent Lamps, are suitable replacements of traditional fluorescent tubes generally used in various overseas countries. We also believe, through our research and development capabilities, our lighting products can be customised to fulfill the specification or regulatory requirements for different international markets.

To further expand in the international markets, we plan to explore suitable new overseas markets for our energy saving lighting solutions and identify suitable distributors with wide distribution networks or other strategic partners to cooperate with in expanding our clientele globally.

We also plan to hire additional sales and marketing professionals to work with our distributors to strengthen our marketing activities and enhance our presence in our existing overseas markets. Further, the additional sales and marketing professionals are also expected to seek for new business opportunities for direct sales or distributorship of our lighting products in other potential overseas markets.

### ***Continue to expand in the PRC markets through our Consultancy Services or entering into strategic partnerships***

The expected growth in the industrial and residential demand for electricity in the PRC has presented an opportunity for our energy saving lighting solutions in the PRC. In recent years, we have provided Consultancy Services to two customers for projects located in Guangzhou, Shantou, Zhongshan, Shenyang and Zhuhai, the PRC. Based on our experience gained from our energy saving solutions business in Hong Kong, the PRC and overseas, we will continue to provide energy saving lighting solutions to customers in the PRC through our Consultancy Services and we also plan to enter into cooperation with strategic partners with the requisite licences for engaging in energy saving business in the PRC, and expand our project management team for providing Consultancy Services in the PRC and for our sales and marketing activities for our energy saving lighting solutions in the PRC.

### ***Continue to expand our energy saving solutions business in Hong Kong***

During the recent years, we have established a broad and stable customer base which covers a wide spectrum of reputable and well-known companies in Hong Kong. Leveraging on our established relationship with large corporate customers, our successful track records and our experience and industry know-how, we will continue to seek new business opportunities from our existing or potential customers to further increase our market share in Hong Kong. Customisation of our lighting products and services enables us to offer energy saving lighting solutions to our potential customers with necessary specification to suit their needs. By expanding our product range and increasing our marketing efforts, we will seek to broaden our customer base for our energy saving solutions business in Hong Kong.

We plan to employ additional staff to join our sales and marketing team and to put additional efforts in promoting our energy saving solutions to our targeted corporations in Hong Kong. We also plan to expand our project management team to increase our capacity for new business. Moreover, we will continue to conduct and participate in seminars organised for potential customers in different industries in Hong Kong for sharing our successful track records in offering the energy saving solutions. These seminars allow us to reach out to potential customers in the relevant industries. Furthermore, we may enter into strategic partnership with other service providers and leverage on their distribution networks to expand our database of targeted customers.

### ***Enhance our research and development capabilities***

We believe that our success has been and will continue to be dependent on our ability to develop and customise our lighting products in response to the evolving needs and requirements of the international lighting markets. In particular, in 2014, we launched our fifth generation “Tube-in-Tube” Fluorescent Lamps which utilises technology that enhances its heat dissipation capacity and prolonged the product’s lifetime. As such, our research efforts have allowed us to develop products which can reduce maintenance costs for customers. Our research and development department enables us to diversify our product range and enhance our lighting products to maintain our competitiveness among other lighting solutions providers.

We plan to employ additional staff in our research and development department, acquire lighting testing equipment and/or otherwise provide additional resources for our research and development activities, with the aim to (i) develop and enhance lighting products in response to changes in market demands; and (ii) customise our lighting products to meet different market specifications and to obtain certifications from the respective overseas markets. We also intend to register new patent(s) for our lighting products where possible.

### ***Engage in marketing activities to enhance our brand image and recognition***

We believe that effective marketing and promotion strategies will strengthen our brand recognition and demand of our energy saving solutions. We intend to promote our business by attending lighting and energy saving related trade fairs and exhibitions in the international markets, through which we can increase our exposure to our potential customers. We also intend to hold lecture or seminars in different universities in Hong Kong in relation to, among others, lighting and green technology and our energy saving solutions to enhance our brand image. We endeavour to leverage our enhanced brand equity to attract new customers and further strengthen our business relationships with our existing customers or distributors.



## **USE OF PROCEEDS**

Since the shares of the Company listed on GEM of the Stock Exchange on 24 March 2015 (the “**Listing Date**”) and up to 31 March 2015, no amount of the proceeds from Listing was used by the Company for the year ended 31 March 2015.

## **PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities since the Listing Date until and up to 31 March 2015.

## **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 15 to the GEM Listing Rules.

The Board is of the view that, throughout the period from the Listing Date and up to 31 March 2015, the Company has complied, to the extent applicable and permissible, with the code provisions set out in the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules, except for the following deviation:

### **Code Provision A.2.1**

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 and the Chief Executive Officer of the Company. In view of Mr. Wong has been leading our Group as the Chief Executive Officer of the Board and one of our subsidiaries since 2009, the Board believes that it is in the best interest of the Group to continue to have Mr. Wong stays 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.

## **AUDIT COMMITTEE**

The audit committee of the Board (the “**Audit Committee**”) was established on 5 March 2015 with its written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and code provision C.3.3 of the Corporate Governance Code has been adopted. The primary duties of the audit committee are mainly to make recommendation to the Board on the appointment, reappointment and removal of external auditor; review the financial statements and material advice in respect of financial reporting; and oversee financial reporting system and internal control procedures of our Company. The audit committee comprises three members, namely Mr. Chung Koon Yan (Chairman of the audit committee), Mr. Cheung Yick Hung Jackie and Dr. Wong Chi Ying Anthony, all being independent non-executive Directors, with Mr. Chung possessing the appropriate professional qualifications and accounting and related financial management expertise.

The audit committee has reviewed the audited consolidated annual results of the Group for the year ended 31 March 2015, and was of the opinion that the preparation of such annual results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

## **COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS**

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors (the “**Required Standard of Dealings**”) on 5 March 2015. Having made specific enquiries with all Directors, all Directors have confirmed that they have complied with the Required Standard of Dealings throughout the period from the Listing Date and up to the date of this announcement.

On 18 June 2015, the Board adopted a 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**”). The Securities Dealing Code is no less exacting than the standard as set out in the Required Standard of Dealings.

## **ANNUAL GENERAL MEETING FOR THE YEAR 2015 (THE “2015 AGM”)**

The 2015 AGM of the Company will be held on Wednesday, 9 September 2015. A circular containing, among other matters, further information relating to the 2015 AGM will be despatched to the shareholders of the Company as soon as practicable.

## **RETIREMENT AND RE-ELECTION OF DIRECTORS**

In accordance with Articles 84(1) and (2) of the Articles of Association, Mr. Lam Chung Ho Alastair shall retire at the 2015 AGM. In addition, Mr. Wong Man Fai Mansfield and Mr. Lam Arthur who were appointed by the Board on 30 December 2011, and Mr. Chung Koon Yan, Mr. Cheung Yick Hung Jackie and Dr. Wong Chi Ying Anthony who were appointed by the Board on 5 March 2015 shall hold office until the 2015 AGM pursuant to Article 83(3) of the Articles of Association. All of the above retiring Directors, being eligible, will offer themselves for re-election at the 2015 AGM.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the identity of shareholders who are entitled to attend and vote at the 2015 AGM, the register of members of the Company will be closed from Monday, 7 September 2015 to Wednesday, 9 September 2015, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible for attending and voting at the 2015 AGM, all duly completed and signed transfer documents must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 4 September 2015.

## **PUBLICATION OF ANNUAL RESULTS ON THE STOCK EXCHANGE'S WEBSITE AND DESPATCH OF ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.synergy-group.com](http://www.synergy-group.com)). The annual report of the Company for the year ended 31 March 2015 containing all the information required by the GEM Listing Rules will be despatched to the shareholders of the Company and will be published on the websites of the Stock Exchange and the Company 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, 18 June 2015

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

*This announcement will remain on the "Latest Company Announcements" page of the GEM's website at [www.hkgem.com](http://www.hkgem.com) for at least seven days from the date of its posting and the Company's website at [www.synergy-group.com](http://www.synergy-group.com).*