



Synergy Group

Low carbon economy: our new economy

Synergy Group Holdings International Limited

滙能集團控股國際有限公司

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 1539

2021/22

Interim Report

中 期 報 告





CONTENTS

2	Corporate Information
4	Financial Highlights
6	Management Discussion and Analysis
12	Corporate Governance
20	Unaudited Condensed Consolidated Statement of Comprehensive Income
22	Unaudited Condensed Consolidated Statement of Financial Position
24	Unaudited Condensed Consolidated Statement of Changes in Equity
25	Unaudited Condensed Consolidated Statement of Cash Flows
27	Notes to the Unaudited Condensed Consolidated Financial Statements



CORPORATE INFORMATION

(As at 22 December 2021)

DIRECTORS

Executive Directors

Mr. Wong Man Fai Mansfield
(Chairman and Chief Executive Officer)

Mr. Lam Arthur
(Vice Chairman)

Independent non-executive Directors

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

BOARD COMMITTEES

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

COMPANY SECRETARY

Mr. Wong Ho Kwan

AUTHORISED REPRESENTATIVES

Mr. Wong Man Fai Mansfield
Mr. Wong Ho Kwan

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

15th Floor
Chinachem Century Tower
178 Gloucester Road
Wan Chai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

CORPORATE INFORMATION

(As at 22 December 2021)

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

HONG KONG LEGAL ADVISER

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

AUDITOR

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

PRINCIPAL BANKER

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

STOCK CODE

1539 (Listed on the Main Board of the Hong Kong Stock Exchange ("**Stock Exchange**"))

COMPANY WEBSITE

www.synergy-group.com

INVESTOR ENQUIRY HOTLINE

Tel: (852) 2121 8033

INVESTOR ENQUIRY EMAIL ADDRESS

info@synergy-group.com





FINANCIAL HIGHLIGHTS

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue		
Leasing services of energy saving systems	3,710	4,960
Trading of energy saving products	25,953	12,283
Consultancy service	9,185	-
	38,848	17,243
Gross profit		
EBITDA (Note 1)	18,792	4,486
EBIT (Note 1)	(2,655)	(59,306)
Loss attributable to owners of the Company	(21,720)	(76,104)
Basic loss per share (HK cents)	(3.3)	(13.4)
Diluted loss per share (HK cents)	(3.3)	(13.4)
Adjusted loss attributable to owners of the Company excluding some major extraordinary or non-operating income and expenses (Note 2)	(10,636)	(19,714)
Basic loss per share (HK cents)	(1.6)	(3.5)
Diluted loss per share (HK cents)	(1.6)	(3.5)
	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Total assets	416,263	404,890
Total liabilities	382,969	350,341
Net assets	33,294	54,549

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 loss after excluding some major extraordinary or non-operating income and expenses as defined by the Group's management, the details of which can be referred to page 7 of this report.

FINANCIAL HIGHLIGHTS

- The Group's revenue increased by 125.6% from approximately HK\$17.2 million for the six months ended 30 September 2020 to approximately HK\$38.8 million for the six months ended 30 September 2021.
- The Group's gross profit increased by 317.8% from approximately HK\$4.5 million for the six months ended 30 September 2020 to approximately HK\$18.8 million for the six months ended 30 September 2021.
- The Group's loss attributable to the owners of the Company amounted to approximately HK\$76.1 million for the six months ended 30 September 2020 while the loss attributable to the owners of the Company amounted to approximately HK\$21.7 million for the six months ended 30 September 2021.
- Excluding some major extraordinary or non-operating income and expenses, the Group's adjusted loss attributable to the owners of the Company amounted to approximately HK\$19.7 million for the six months ended 30 September 2020 while the adjusted loss attributable to the owners of the Company amounted to approximately HK\$10.6 million for the six months ended 30 September 2021.
- Basic or diluted loss per share was approximately HK13.4 cents for the six months ended 30 September 2020 while basic or diluted loss per share was approximately HK3.3 cents for the six months ended 30 September 2021. Adjusted basic or diluted loss per share calculated with reference to adjusted loss was approximately HK3.5 cents for the six months ended 30 September 2020 while adjusted basic or diluted loss per share calculated with reference to adjusted loss was approximately HK1.6 cents for the six months ended 30 September 2021.





MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The total revenue of the Group was approximately HK\$38.8 million for the six months ended 30 September 2021, representing an increase of 125.6% as compared to that for the six months ended 30 September 2020. The increase in revenue was mainly attributable to (i) the increase in revenue in the trading of energy saving products segment by approximately 111.4% due to the increase in customer and distributors demand as the world economic activities start to pick up despite the continuing situation of COVID-19; (ii) the increase in revenue in the consultancy service segment from nil during the six months ended 30 September 2020 to approximately HK\$9.2 million for the six months ended 30 September 2021 as a result of some new consultancy service projects. Gross profit margin increased from approximately 26.1% for the six months ended 30 September 2020 to approximately 48.4% for the six months ended 30 September 2021. The increase was mainly due to the change in sales mix and sales in the consultancy service segment which had a relatively higher gross profit margin than the leasing and trading segments.

Other income and gains for the six months ended 30 September 2021 of approximately HK\$1.6 million mainly comprised (i) net foreign exchange gain of approximately HK\$1.2 million; (ii) interest income of approximately HK\$0.2 million; and (iii) the reversal of warranty provision of approximately HK\$0.1 million. The other income and gains for the six months ended 30 September 2020 was approximately HK\$17.0 million, which mainly included net foreign exchange gain of approximately HK\$14.2 million and the government grants of Enterprise Support Scheme of approximately HK\$1.4 million. The decrease in net foreign exchange gain of approximately HK\$12.8 million was mainly due to the exchange rate of Indonesian rupiah against Hong Kong dollar remained relatively stable during the six months ended 30 September 2021 as compared to six months ended 30 September 2020 during which there was a significant appreciation of Indonesian rupiah against Hong Kong dollar.

Selling and distribution costs

The Group's selling and distribution costs for the six months ended 30 September 2021 were approximately HK\$1.4 million, representing a decrease of approximately 26.3% from approximately HK\$1.9 million for the six months ended 30 September 2020. The decrease was mainly due to the decrease of salaries expenses from approximately HK\$1.4 million during the six months ended 30 September 2020 to approximately HK\$0.8 million during the six months ended 30 September 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative expenses

The Group's administrative expenses for the six months ended 30 September 2021 were approximately HK\$10.6 million, representing a decrease of approximately 12.4% from approximately HK\$12.1 million for the six months ended 30 September 2020. The decrease was mainly due to the decrease of salaries expenses by approximately HK\$1.9 million as a result of the decrease in average number of staff from 51 in the six months ended 30 September 2020 to 35 in the six months ended 30 September 2021.

Finance costs

The Group's finance costs were approximately HK\$22.6 million for the six months ended 30 September 2021, representing a decrease of approximately 30.3% from approximately HK\$32.4 million for the six months ended 30 September 2020. The decrease were mainly due to the decrease of interest expenses on notes payables to approximately HK\$5.2 million for the six months ended 30 September 2021 from approximately HK\$20.9 million for the six months ended 30 September 2020 (which included default interest amounted to approximately HK\$17.3 million triggered by overdue of the notes payable).

Other expenses

The Group's other expenses decreased to approximately HK\$15.3 million for the six months ended 30 September 2021 from approximately HK\$71.0 million for the six months ended 30 September 2020. The decrease of approximately HK\$55.7 million was mainly due to the mixed effect of (i) the decrease of loss on modification of financial assets of approximately HK\$65.5 million for the six months ended 30 September 2020, which was mainly due to the discount offered to one of the customers of the Group affected by the outbreak of COVID-19 in return for early settlement of outstanding payments to nil in the six months ended 30 September 2021; and (ii) the increase of the provision for expected credit loss from HK\$5.4 million for the six months ended 30 September 2020 to

HK\$15.2 million for the six months ended 30 September 2021 by approximately HK\$9.8 million for the six months ended 30 September 2021 as a higher set of expected loss rates to determine the expected credit loss on trade receivables and finance lease receivables was applied as at 30 September 2021, and such rates are consistent with those used in 31 March 2021 given no significant change in circumstances.

Income tax credit

The Group's income tax credit for the six months ended 30 September 2021 was approximately HK\$3.0 million while the Group's income tax credit for the year ended 30 September 2020 was approximately HK\$15.0 million. The decrease is the result of estimated tax impact as a result of loss on modification of financial assets recognised in the six months ended 30 September 2020 which did not recur in the six months ended 30 September 2021.

Share of results of associates

The Group's share of results of associates for the six months ended 30 September 2021 was approximately HK\$4.2 million which was at similar level as approximately HK\$4.2 million for the six months ended 30 September 2020. The profit share of results of associates has remained stable as the business for installation of the customised LED products in the retail outlets of a major retailer in South Africa has no significant changes in circumstances.

EBITDA/EBIT

As a result of the foregoing, the Group's EBITDA improved from a loss of approximately HK\$56.3 million for the six months ended 30 September 2020 to a loss of approximately HK\$0.1 million for the six months ended 30 September 2021. The Group's EBIT improved from a loss of approximately HK\$59.3 million for the six months ended 30 September 2020 to a loss of approximately HK\$2.7 million for the six months ended 30 September 2021.





MANAGEMENT DISCUSSION AND ANALYSIS

Loss for the period attributable to the owners of the Company

The Group's loss attributable to the owners of the Company decreased by approximately HK\$54.4 million or 71.5% from approximately HK\$76.1 million for the six months ended 30 September 2020 to approximately HK\$21.7 million for the six months ended 30 September 2021. Excluding some major extraordinary or non-operating income and expenses, the adjusted loss attributable to the owners of the Company was approximately HK\$10.6 million for the six months ended 30 September 2021 while adjusted loss attributable to owners of the Company was approximately HK\$19.7 million for the six months ended 30 September 2020.

The following table reconciles the adjusted loss 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 periods indicated:

	Six months ended 30 September	
	2021 HK\$'000	2020 HK\$'000
Loss for the period attribute to the owners of the Company	(21,720)	(76,104)
Add major extraordinary or non-operating expenses:		
Amortisation of intangible assets (included in administrative expenses)	-	361
Provision for impairment loss on financial assets, net of deferred tax	12,161	4,561
Loss on modification of financial assets	-	65,507
Share-based payment expenses in respect of share options	74	142
	(9,485)	(5,533)
Less major extraordinary or non-operating income:		
Net foreign exchange gain	(1,151)	(14,181)
Adjusted loss attributable to the owners of the Company excluding some major extraordinary or non-operating income and expenses	(10,636)	(19,714)

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group mainly finances its business with internally generated cash flows and bank and other borrowings. As at 30 September 2021, current assets of the Group amounted to approximately HK\$252.7 million, representing an increase of 4.0% compared to HK\$242.9 million as at 31 March 2021. Current assets are mainly comprised of cash and bank balances (including pledged bank deposits) of approximately HK\$10.3 million (31 March 2021: approximately HK\$8.2 million), trade receivables of approximately HK\$204.7 million (31 March 2021: approximately HK\$198.4 million), and amount due from an associate of approximately HK\$19.0 million (31 March 2021: approximately HK\$19.0 million). As at 30 September 2021, the Group's current liabilities are mainly comprised of borrowings of approximately HK\$80.9 million (31 March 2021: approximately HK\$82.4 million), notes payable of HK\$56.9 million (31 March 2021: HK\$76.6 million), trade payables of approximately HK\$30.7 million (31 March 2021: approximately HK\$17.3 million) and accruals, other payables and deposits received of approximately HK\$166.1 million (31 March 2021: approximately HK\$137.5 million). The Group's current ratio remained stable at approximately 0.7 times as at 30 September 2021 compared to approximately 0.7 times as at 31 March 2021. The total outstanding notes payable and borrowings of the Group as at 30 September 2021 was approximately HK\$137.7 million (31 March 2021: approximately HK\$159.0 million), of which approximately HK\$30.0 million (31 March 2021: approximately HK\$31.6 million) was due to banks, approximately HK\$50.8 million (31 March 2021: approximately 50.8 million) was due to independent third parties, and notes payable of approximately HK\$56.9 million (31 March 2021: approximately 76.6 million). The decrease was due to the net effect of repayment of bank and notes payable and other payables drawn during the six months ended 30

September 2021. As at 30 September 2021, the Group's net assets was approximately HK\$33.3 million, representing a decrease of 38.9% from approximately HK\$54.5 million as at 31 March 2021. The Group has certain receivables, trading contracts and equity investment assigned to secure bank and other loans. Save as disclosed above, the Group has no other charges on its assets as at 30 September 2021.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 September 2021.

GUARANTEES

The Group had no material guarantees as at 30 September 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.





MANAGEMENT DISCUSSION AND ANALYSIS

The revenue of KSL Group for the six months ended 30 September 2021 was approximately HK\$24.5 million (for the six months ended 30 September 2020: approximately HK\$25.8 million). The net profit attributable to the shareholders of KSL Group for the six months ended 30 September 2021 was approximately HK\$8.8 million, which was approximately the same as compared to the six months ended 30 September 2020, as the business for installation of the customised LED products in the retail outlets of a major retailer in South Africa has no significant change in circumstances as compared to the six months ended 30 September 2020.

Save as disclosed above, there were no other significant investments held, and other plans for material investments or capital assets during the six months ended 30 September 2021.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2021, the Group had 33 full-time employees (as of 31 March 2021: 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. Except for voluntary contribution, no forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years.

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.

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 continuous increase in revenue from overseas market, 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 report. However, the Group will monitor its foreign exchange exposure and will consider hedging the foreign currency exposure should the need arises.

MANAGEMENT DISCUSSION AND ANALYSIS

GEARING RATIO

As at 30 September 2021, the gearing ratio of the Group, which is calculated on the basis of the amount of total debts divided by the total equity, was 584.7%, representing an increase of 49.1% as compared to the 392.1% as at 31 March 2021.

DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the six months ended 30 September 2021 (for the year ended 31 March 2021: 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 COVID-19 situation is still very serious around the globe, lockdowns have been repeatedly imposed in a lot of countries, some of which are major markets to our Group. On the other hand, the Company was not able to repay its overdue borrowings and a number of creditors ("**SD Creditors**") had filed statutory demands against the Company. Since the Company was unable to repay the relevant indebtedness within 21 days from the date of service of the relevant statutory demands, each of the relevant SD Creditors is entitled to present a winding up petition against the Company at any time at their discretions. The Company has been in active discussion with each of the SD Creditors and other creditors in order to come up with a viable financing plan to resolve the current situation.

On 15 September 2021, the Company announced the proposal to (i) enter into a subscription agreement with Abundance Development Limited (the "**Subscriber**"), a company wholly-owned by Mr. Wong Man Fai Mansfield (executive Director), that the Subscriber shall subscribe for 1,100,000,000 newly issued shares at the subscription price of HK\$0.1 per subscription share; and (ii) settle various creditor balances through issuance of new shares (the "**Proposed Financial Remediation**"), which, if succeeded, would bring net proceeds of approximately HK\$105 million to the Group and greatly enhance the financial health of the Group. The Proposed Financial Remediation has been approved by the independent shareholders at the extraordinary general meeting held on 8 December 2021. Further details of the Proposed Financial Remediation are set out in the relevant circular despatched by the Company on 15 November 2021. The management of the Group believes that as the Proposed Financial Remediation has been approved and will be executed, the amounts due to SD Creditors and other creditors could be settled and that the Group's financial distress situation can be remedied.

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





CORPORATE GOVERNANCE

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

As at 30 September 2021, the interests and short positions of the Directors and chief executives of our Company in the shares, underlying shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") which were notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules required to be notified to our Company and the Stock Exchange, were as follows:

Interests or short positions in the shares and underlying shares of the Company

Name of Director	Nature of interest and capacity	Number of Shares ^(Note 1)	Approximate percentage of issued share capital ^(Note 3)
WONG Man Fai Mansfield ^(Note 2)	Interest in controlled corporation	53,249,204 (S)	8.03%
	Beneficial owner	5,500,000 (L) ^(Note 4)	0.83%
LAM Arthur	Beneficial owner	5,500,000 (L) ^(Note 4)	0.83%
CHEUNG Yick Hung Jackie	Beneficial owner	125,000 (L) ^(Note 5)	0.02%
CHUNG Koon Yan	Beneficial owner	25,000 (L) ^(Note 4)	0.004%
WONG Chi Ying Anthony	Beneficial owner	25,000 (L) ^(Note 4)	0.004%

Notes:

- The letters "L" and "S" denote the person's long position and short position in such shares respectively.
- Abundance Development Limited is wholly-owned by Mr. WONG Man Fai Mansfield. Under the SFO, Mr. WONG Man Fai Mansfield is deemed to be interested in all the shares of the Company owned by Abundance Development Limited.
- The total number of issued shares of the Company as at 30 September 2021 was 662,806,000.
- These shares represented the underlying shares under the options granted by the Company on 2 April 2020 pursuant to the Share Option Scheme.
- These shares represented 25,000 underlying shares under the options granted by the Company on 2 April 2020 pursuant to the Share Option Scheme and 100,000 shares beneficially owned by Mr. CHEUNG Yick Hung Jackie.

CORPORATE GOVERNANCE

Save as disclosed above, as at 30 September 2021, none of the Directors or chief executives of our Company had any interest or short position in the shares, underlying shares or debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

So far as our Directors are aware, as at 30 September 2021, the persons/entities (other than the Directors or chief executives of our Company) who had interests or short positions in the shares or underlying shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of our Company required to be kept under section 336 of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group were as follows:

Interests or short positions in the shares and underlying shares of the Company

Name of Director	Nature of interest and capacity	Number of Shares ^(Note 1)	Approximate percentage of issued share capital ^(Note 3)
Abundance Development Limited ^(Note 2)	Beneficial owner	53,249,204 (S)	8.03%
CAI Linda Xin Xin ^(Note 3)	Interest of spouse	53,249,204 (S)	8.03%
		5,500,000 (L)	0.83%
Central Huijin Investment Ltd ^(Note 4)	Interest of controlled corporation	53,249,204 (L)	8.03%
China Construction Bank Corporation ^(Note 4)	Interest of controlled corporation	53,249,204 (L)	8.03%
CCB International Group Holdings Limited ^(Note 4)	Interest of controlled corporation	53,249,204 (L)	8.03%
CCB Financial Holdings Limited ^(Note 4)	Interest of controlled corporation	53,249,204 (L)	8.03%
CCB International (Holdings) Limited ^(Note 4)	Interest of controlled corporation	53,249,204 (L)	8.03%
CCBI Investments Limited ^(Note 4)	Interest of controlled corporation	53,249,204 (L)	8.03%
Wan Tai Investments Limited ^(Note 4)	Person having a security interest in shares	53,249,204 (L)	8.03%
XIONG Xiaoshan	Beneficial owner	33,150,000 (L)	5.00%
POON Ka Ho Stanley	Beneficial owner	33,810,177 (L)	5.12%





CORPORATE GOVERNANCE

Notes:

1. The letters "L" and "S" denote the person's/entity's long position and short position in such shares respectively.
2. Abundance Development Limited is wholly-owned by Mr. WONG Man Fai Mansfield.
3. Ms. CAI Linda Xin Xin is the spouse of Mr. WONG Man Fai Mansfield. Under the SFO, Mr. WONG Man Fai Mansfield is deemed to be interested in all the shares of the Company owned by Abundance Development Limited, and Ms. CAI Linda Xin Xin is deemed to be interested in all the shares of the Company in which Mr. WONG Man Fai Mansfield is interested.
4. Wan Tai Investments Limited is wholly controlled by CCB Investments Limited, which is in turn wholly controlled by CCB International (Holdings) Limited, which is in turn wholly controlled by CCB Financial Holdings Limited, which is in turn wholly controlled by CCB International Group Holdings Limited, which is in turn wholly controlled by China Construction Bank Corporation, which 57.11% shares in turn controlled by Central Huijin Investment Ltd..
5. The total number of issued shares of the Company as at 30 September 2021 was 662,806,000.

Save as disclosed above, as at 30 September 2021, the Directors were not aware of any persons/entities who had any interest or short position in the securities in the Company that would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO.

SHARE OPTION 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**") to 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. Details of which are set out in the paragraph headed "Share Option Scheme" in the section headed "Management Discussion and Analysis" in our 2020/2021 Annual Report.

CORPORATE GOVERNANCE

The following tables discloses movements in the Company's share options during the six months ended 30 September 2021:

Grantees	Date of grant	Exercise period	Exercise price	Number of share options					Outstanding as at 30 September 2021	
				Outstanding as at 1 April 2021	Granted during the period	Exercised during the period	Lapsed/ forfeited during the period	Cancelled during the period		
Directors										
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
		2 April 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
		2 April 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
		2 April 2022 to 1 April 2023	HK\$0.290 per share	6,250	-	-	-	-	-	6,250





CORPORATE GOVERNANCE

Grantees	Date of grant	Exercise period	Exercise price	Number of share options					
				Outstanding as at 1 April 2021	Granted during the period	Exercised during the period	Lapsed/ forfeited during the period	Cancelled during the period	Outstanding as at 30 September 2021
Employees									
Employees in aggregate	19 April 2018	19 April 2018 to 18 April 2021	HK\$1.268 per share	1,650,000	-	-	1,650,000	-	-
	2 April 2020	2 April 2020 to 1 April 2022	HK\$0.290 per share	11,000,000	-	2,000,000	-	-	9,000,000
	2 April 2020	2 April 2020 to 1 April 2021	HK\$0.290 per share	3,875,000	-	-	3,875,000	-	-
	2 April 2020	2 July 2021 to 1 April 2023	HK\$0.290 per share	968,750	-	806,000	14,250	-	148,500
	2 April 2020	2 October 2021 to 1 April 2023	HK\$0.290 per share	968,750	-	-	106,250	-	862,500
	2 April 2020	2 January 2022 to 1 April 2023	HK\$0.290 per share	968,750	-	-	106,250	-	862,500
	2 April 2020	2 April 2022 to 1 April 2023	HK\$0.290 per share	968,750	-	-	106,250	-	862,500
				31,550,000	-	2,806,000	5,933,000	-	22,811,000

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2021.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As of 30 September 2021, none of the Directors, the substantial shareholders or their respective close associates (as defined under the Listing Rules) of the Company had held any position or had any interest in any businesses or companies that were or might be materially, either directly or indirectly, competing with the business of the Group, or gave rise to any concern regarding conflict of interests during the six months ended 30 September 2021.

CORPORATE GOVERNANCE

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 of the Company 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 to the Listing Rules, together with compliance with the relevant code provisions.

The Board is of the view that, throughout the six months ended 30 September 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 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 its 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.

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 six months ended 30 September 2021 and up to the date of this report.





CORPORATE GOVERNANCE

AUDIT COMMITTEE AND REVIEW OF INTERIM FINANCIAL STATEMENTS

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 report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Chung Koon Yan (Chairman of the Audit Committee), Mr. Cheung Yick Hung Jackie and Dr. Wong Chi Ying Anthony, with Mr. Chung Koon Yan possessing the appropriate professional qualifications and accounting and related financial management expertise.

The unaudited condensed consolidated financial information of the Group for the six months ended 30 September 2021 contained in this report had not been audited by the Company’s auditor, but were reviewed by the Audit Committee, which was of the opinion that the preparation of such interim financial information complied with the applicable accounting standards and requirements and the Listing Rules, and adequate disclosures had been made.

COMPLIANCE DISCLOSURES AND OTHER MATTERS

The Listing Rules require certain corporate governance disclosures to be made. This section details certain disclosures that have not been covered above.

DISCLOSURES PURSUANT TO RULES 13.19 AND 13.21 OF THE LISTING RULES

As disclosed in the announcements of the Company dated 12 August 2020, 6 November 2020 and 21 June 2021, a statutory demand was issued to the Company due to a default in payment in relation to the issuance of the note (the “**CCBI Note**”) to the noteholder, Wan Tai Investments Limited, an indirectly wholly-owned special purpose vehicle of CCB International (Holdings) Limited. Under the statutory demand, the Company was demanded to pay the amount of approximately HK\$80.5 million. As at the date of this report, the Group has repaid approximately HK\$24.7 million under the CCBI Note.

As disclosed in the announcements of the Company dated 29 September 2020 and 21 June 2021, a statutory demand was issued to the Company due to a default in payment in relation to certain banking facilities (the “**HSBC Facilities**”) provided by The Hongkong and Shanghai Banking Corporation Limited. The Company has provided certain corporate guarantees for its subsidiary under the HSBC Facilities. Under the statutory demand, the Company was demanded to pay the amount of approximately HK\$36.1 million. As at the date of this report, the Group has repaid approximately HK\$8.7 million under the HSBC Facilities.

As disclosed in the announcements of the Company dated 16 October 2020 and 21 June 2021, two statutory demands were issued to the Company due to the defaults in payment in relation to the issuance of the deeds of settlement (the “**Deeds of Settlement**”) to two companies incorporated in the British Virgin Islands. Under the statutory demand, the Company was demanded to pay the amount of approximately HK\$28.6 million and HK\$22.0 million respectively.

CORPORATE GOVERNANCE

As disclosed in the announcements of the Company dated 6 November 2020 and 21 June 2021, a statutory demand was issued to the Company due to a default in payment in relation to a loan (the "**Hitachi Loan**") provided by Hitachi Capital (Hong Kong) Limited. The Company has provided a guarantee for its subsidiary under the Hitachi Loan. Under the statutory demand, the Company was demanded to pay the amount of approximately HK\$12.5 million.

As disclosed in the joint announcements of the Company dated 15 September and 20 September 2021 and the circular ("**Circular**") issued by the Company on 15 November 2021, the Company has attempted to alleviate the financial difficulties of the Group and to avoid bankruptcy by, inter alia, raising capital from the Subscription (as defined in the Circular) and lowering the overdue liabilities from the Connected Conversion and the Settlement (as defined in the Circular). For further details, please refer to the above-mentioned joint announcements and Circular.

Where the circumstances giving rise to the obligations under Rule 13.19 of the Listing Rules continue to exist, the Company will include relevant disclosures in subsequent interim and annual reports in accordance with Rule 13.21 of the Listing Rules, and will disclose further developments on this matter by way of further announcement(s) in a timely manner in accordance with requirements under the Listing Rules.





UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2021

INTERIM 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 unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**” or “**our Group**”) for the six months ended 30 September 2021 together with the comparative figures for the corresponding period in 2020 as follows:

	Notes	Six months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	4(a)	38,848	17,243
Cost of sales		(20,056)	(12,757)
Gross profit		18,792	4,486
Other income and gains	4(b)	1,576	17,030
Administrative expenses		(10,581)	(12,117)
Selling and distribution costs		(1,376)	(1,910)
Finance costs	5	(22,577)	(32,450)
Other expenses		(15,269)	(70,982)
Share of results of associates		4,202	4,187
Loss before income tax	6	(25,233)	(91,756)
Income tax credit	7	3,013	15,001
Loss for the period		(22,220)	(76,755)
Other comprehensive income for the period			
Items that may be reclassified subsequently to profit or loss:			
- Exchange difference arising on translation of financial statements of foreign operations		189	1,181
- Share of other comprehensive income of associates		(84)	(84)
Other comprehensive income for the period, net of tax		105	1,097
Total comprehensive (loss) income for the period		(22,115)	(75,658)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2021

	Notes	Six months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Loss for the period attributable to:			
Owners of the Company		(21,720)	(76,104)
Non-controlling interests		(500)	(651)
		(22,220)	(76,755)
Total comprehensive loss for the period attributable to:			
Owners of the Company		(21,536)	(75,070)
Non-controlling interests		(579)	(588)
		(22,115)	(75,658)
Loss per share attributable to owners of the Company			
Basic (HK cents)	9	(3.3)	(13.4)
Diluted (HK cents)	9	(3.3)	(13.4)





UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	Notes	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	17,446	15,553
Interests in associates		62,031	57,913
Equity investment at fair value through profit or loss		28,000	28,000
Trade receivables	11	13,574	17,894
Finance lease receivables		5,143	8,206
Deposits and other receivables		45	45
Deferred tax assets		37,344	34,331
		163,583	161,942
Current assets			
Inventories		652	832
Trade receivables	11	204,685	198,363
Finance lease receivables		7,959	7,928
Deposits, prepayments and other receivables		10,030	8,613
Due from an associate		19,008	19,008
Cash and cash equivalents		10,346	8,204
		252,680	242,948
Current liabilities			
Trade payables	12	30,707	17,269
Contract liabilities		428	641
Accruals, other payables and deposits received	13	166,053	137,458
Borrowings	14	80,874	82,425
Bonds payables		2,000	2,000
Lease liabilities		2,043	938
Notes payable	15	56,870	76,600
Due to a related company		1,120	952
Due to directors		22,885	9,421
Provision for taxation		2,548	2,548
Financial liabilities at fair value through profit or loss		3,704	3,729
		369,232	333,981
Net current liabilities		(116,552)	(91,033)
Total assets less current liabilities		47,031	70,909

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	Notes	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Non-current liabilities			
Trade payables	12	7,094	11,017
Accruals, other payables and deposits received		3,480	4,160
Lease liabilities		3,163	1,183
		13,737	16,360
Net assets			
		33,294	54,549
EQUITY			
Share capital	16	6,628	6,600
Reserves		34,821	55,525
Equity attributable to owners of the Company			
Non-controlling interests		(8,155)	(7,576)
Total equity			
		33,294	54,549



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Attributable to owners of the Company							Total HK\$'000		
	Share capital HK\$'000	Share premium* HK\$'000	Share option reserve* HK\$'000	Capital reserves* HK\$'000	Merger reserve* HK\$'000	Foreign exchange reserves* HK\$'000	(Accumulated losses)/ Retained profits* HK\$'000		Subtotal HK\$'000	Non-controlling interests HK\$'000
At 1 April 2021 (Audited)	6,600	103,771	3,172	7,388	12,183	(321)	(70,668)	62,125	(7,576)	54,549
Shares issued under Share Option Scheme	28	968	(210)	-	-	-	-	786	-	786
Equity-settled share option arrangements	-	-	74	-	-	-	-	74	-	74
Release of share option reserve upon forfeiture or lapse of share options	-	-	(1,337)	-	-	-	1,337	-	-	-
Loss for the period	-	-	-	-	-	-	(21,720)	(21,720)	(500)	(22,220)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Exchange difference arising on translation of financial statements of foreign operations	-	-	-	-	268	-	-	268	(79)	189
Share of other comprehensive income of associates	-	-	-	-	-	(84)	-	(84)	-	(84)
Total comprehensive income (loss) for the period	-	-	-	-	-	184	(21,720)	(21,536)	(579)	(22,115)
At 30 September 2021 (Unaudited)	6,628	104,739	1,699	7,388	12,183	(137)	(91,051)	41,449	(8,155)	33,294
At 1 April 2020 (Audited)	5,500	87,160	2,263	7,388	12,183	(2,349)	207,877	320,022	(4,940)	315,082
Issue of shares through share placement	1,100	17,160	-	-	-	-	-	18,260	-	18,260
Transaction costs on issue of shares through share placement	-	(549)	-	-	-	-	-	(549)	-	(549)
Equity-settled share option arrangements	-	-	142	-	-	-	-	142	-	142
Release of share option reserve upon forfeiture or lapse of share options	-	-	(1,251)	-	-	-	1,251	-	-	-
Loss for the period	-	-	-	-	-	-	(76,104)	(76,104)	(651)	(76,755)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Exchange difference arising on translation of financial statements of foreign operations	-	-	-	-	1,118	-	-	1,118	63	1,181
Share of other comprehensive income of associates	-	-	-	-	-	(84)	-	(84)	-	(84)
Total comprehensive income (loss) for the period	-	-	-	-	-	1,034	(76,104)	(75,070)	(588)	(75,658)
At 30 September 2020 (Unaudited)	6,600	103,771	1,154	7,388	12,183	(1,315)	133,024	262,805	(5,528)	257,277

* These reserve accounts comprise the consolidated reserves of HK\$34,821,000 in the condensed consolidated statement of financial position as at 30 September 2021 (31 March 2021: HK\$55,525,000).

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Cash flows from operating activities		
Loss before income tax	(25,233)	(91,756)
Adjustments for:		
Interest income	-	(293)
Interest expense	22,577	31,990
Amortisation of intangible assets	-	577
Depreciation of property, plant and equipment	2,608	2,425
Equity-settled share option expense	74	142
Fair value gains on other financial assets at fair value through profit or loss ("FVTPL")	-	(156)
Gain on lease termination	(2)	-
Write-off of inventories	67	-
Loss on disposals of property, plant and equipment	-	61
Loss on modification of financial assets	-	65,507
Premium and other charges on life insurance policies	-	66
Provision for impairment loss of financial assets	15,174	5,415
Share of results of associates	(4,202)	(4,187)
Reversal of warranty provision, net	(100)	(122)
Operating profit before working capital changes	10,963	9,669
Decrease in inventories	114	127
Increase in trade receivables	(19,369)	(18,434)
Decrease in finance lease receivables	5,227	3,781
Increase in deposits, prepayments and other receivables	(631)	(2,193)
Increase/(decrease) in trade payables	9,515	(1,602)
Increase in amount due to a related company	168	168
Decrease in contract liabilities	(213)	(1,875)
Decrease in accruals, other payables and deposits received	(453)	(3,066)
Cash generated from/(used in) operations	5,321	(13,425)
Income tax paid	-	-
Net cash generated from/ (used in) operating activities	5,321	(13,425)





UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Cash flows from investing activities		
Purchases of property, plant and equipment	(483)	(12)
Proceeds from disposal of other financial assets at fair value through profit or loss	-	10,928
Repayments from associates	-	1,995
Interest received	-	11
Decrease in pledged bank deposits	-	2,500
Net cash (used in)/ generated from investing activities	(483)	15,422
Cash flows from financing activities		
Proceeds from issue of shares	-	18,260
Payments for share issue expenses	-	(549)
Interest paid on other payables	-	(3,224)
Interest paid on borrowings	(113)	(3,336)
Interest element on lease payments	(69)	(88)
Capital element of lease payments	(952)	(1,469)
Proceeds from borrowings	-	10,463
Repayment of borrowings	(1,556)	(25,070)
Repayment of notes	-	(6,000)
Advances from directors	782	1,621
Repayments of advances from directors	(1,048)	(1,491)
Net cash used in financing activities	(2,956)	(10,883)
Net increase/(decrease) in cash and cash equivalents	1,882	(8,886)
Cash and cash equivalents at beginning of the period	8,204	9,370
Effect of foreign exchange rate changes	260	869
Cash and cash equivalents at end of the period	10,346	1,353

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 14 December 2011. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is 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. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of compliance

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2021 except that the Group has adopted the newly issued and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which are effective for the annual period beginning on 1 April 2021, as disclosed in the annual financial statements for the year ended 31 March 2021. The adoption of these new and revised HKFRSs does not have a significant impact on the Group's results and financial position.

These unaudited condensed consolidated financial statements should be read in conjunction with the annual report for the year ended 31 March 2021.





NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of compliance (Continued)

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 ³
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to HKFRS Standards	Annual Improvements to HKFRSs 2018-2020 ¹

¹ Effective for annual periods beginning on or after 1 January 2022

² 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.

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ 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.

(b) Basis of measurement

These unaudited condensed consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments which are measured at fair values.

(c) Functional and presentation currency

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT INFORMATION

For the purpose of resources allocation and performance assessment, financial information relating to these operations is 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**”).

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

	Leasing services of energy saving systems HK\$'000	Trading of energy saving products HK\$'000	Consultancy service HK\$'000	Total HK\$'000
Six months ended 30 September 2021 (Unaudited)				
Revenue from external customers	3,710	25,953	9,185	38,848
Reportable segment (loss)/profit	(2,547)	(6,246)	5,684	(3,109)
Capital expenditure	188	-	-	188
Depreciation	2,387	-	-	2,387
Six months ended 30 September 2020 (Unaudited)				
Revenue from external customers	4,960	12,283	-	17,243
Reportable segment loss	(1,784)	(60,598)	(4,364)	(66,746)
Capital expenditure	-	-	-	-
Depreciation	1,493	-	-	1,493



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT INFORMATION (Continued)

	Leasing services of energy saving systems HK\$'000	Trading of energy saving products HK\$'000	Consultancy service HK\$'000	Total HK\$'000
As at 30 September 2021 (Unaudited)				
Reportable segment assets	47,863	156,367	46,400	250,630
Reportable segment liabilities	14,420	39,263	17	53,700
As at 31 March 2021 (Audited)				
Reportable segment assets	42,791	164,569	41,299	248,659
Reportable segment liabilities	13,656	29,306	15	42,977

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

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Reportable segment loss	(3,109)	(66,746)
Unallocated corporate income (Note)	1,453	16,809
Unallocated corporate expenses (Note)	(5,202)	(13,556)
Finance costs	(22,577)	(32,450)
Share of results of associates	4,202	4,187
Loss before income tax	(25,233)	(91,756)

Note: Unallocated corporate income mainly includes net foreign exchange gain. Unallocated corporate expenses mainly include depreciation of right-of-use assets, legal and professional fees, salaries and other staff costs.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT INFORMATION (Continued)

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Reportable segment assets	250,630	248,659
Interests in associates	62,031	57,913
Equity investment at FVTPL	28,000	28,000
Deferred tax assets	37,344	34,331
Due from an associate	19,008	19,008
Cash and cash equivalents	10,346	8,204
Other corporate assets	8,904	8,775
Group assets	416,263	404,890
Reportable segment liabilities	53,700	42,977
Settlement payables	93,735	47,125
Borrowings	80,874	82,425
Lease liabilities	5,206	2,121
Notes payable	56,870	76,600
Due to a related company	1,120	952
Due to directors	22,885	9,421
Provision for taxation	2,548	2,548
Bonds payable	2,000	2,000
Financial liabilities at FVTPL	3,704	3,729
Other corporate liabilities (note)	60,327	80,443
Group liabilities	382,969	350,341

Note: Other corporate liabilities mainly include consideration payable for the investment in InVinity Energy Group Limited ("InVinity"), interest payable, and accruals and other payables for salaries and other operating expenses.





NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT INFORMATION (Continued)

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

	Revenue from external customers Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Hong Kong (domiciled)	8,086	10,288
Australia	8,475	-
Indonesia	1,613	3,052
Japan	8,300	-
Malaysia	3,161	3,890
Others	9,213	13
	38,848	17,243

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

	Specified non-current assets	
	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Hong Kong (domiciled)	65,869	58,076
Malaysia	13,377	15,390
Others	231	-
	79,477	73,466

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".

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT INFORMATION (Continued)

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:

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Customer A #	8,300	N/A
Customer B ##	9,185	N/A
Customer C #	7,758	9,574
Customer D #	8,475	N/A
Customer E ###	N/A	3,052

* Attributable to segment of trading of energy saving products

** Attributable to segment of Consultancy service

Attributable to segments of leasing service of energy saving systems and trading of energy saving products

N/A Transactions did not exceed 10% of the Group's revenue





NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE AND OTHER INCOME AND GAINS

- (a) Revenue represents the income from trading of energy saving products and provision of leasing and consultancy service. An analysis of revenue is as follows:

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue from contracts with customer within the scope of HKFRS 15		
Trading of energy saving products	25,953	12,283
Consultancy service income	9,185	-
	35,138	12,283
Revenue from other sources		
Leasing service income	3,710	4,960
	38,848	17,243
Timing of revenue recognition		
At a point in time	35,138	12,283

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

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest income		
- From bank deposits	-	11
- From other financial assets at FVTPL	-	66
- From other receivables	199	199
- From advance to non-controlling interests	-	17
	199	293
Fair value gains on other financial assets at FVTPL	-	156
Government grants	23	1,402
Management income	-	758
Net foreign exchange gain	1,151	14,181
Others	203	240
	1,576	17,030

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. FINANCE COSTS

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest on financial liabilities carried at amortised cost		
- Interest on other payables	7,015	6,334
- Interest on borrowings	9,987	4,378
- Interest on notes payable	5,157	20,909
- Interest on bonds payable	100	83
- Interest on lease liabilities	93	88
	22,352	31,792
Interest on financial liabilities at FVTPL	225	198
Transaction costs on bank borrowings and notes	-	460
	22,577	32,450

6. LOSS BEFORE INCOME TAX

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

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Amortisation of intangible assets	-	577
Cost of inventories recognised as expenses		
- Cost of inventories sold	17,393	9,725
- Write-off of inventories*	67	-
	17,460	9,725
Depreciation of property, plant and equipment		
- Owned	1,598	1,525
- Right-of-use assets	1,010	900
	2,608	2,425
Employee benefit expenses		
- Salaries and welfare	5,875	8,589
- Equity-settled share option expense	74	142
- Defined contributions	210	456
	6,159	9,187
Reversal of warranty provision, net	(100)	(122)
Provision for impairment loss of financial assets*	15,174	5,415
Loss on disposals of property, plant and equipment*	-	61
Loss on modification of financial assets*	-	65,507

* These items have been included in other expenses in the condensed consolidated statement of comprehensive income for the six months ended 30 September 2021 and 2020.





NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX CREDIT

Income tax credit in the unaudited condensed consolidated statement of comprehensive income represents:

	Six months ended 30 September 2021 HK\$'000 (Unaudited)	Six months ended 30 September 2020 HK\$'000 (Unaudited)
Current tax		
– Current period	–	(150)
Deferred tax		
– Current period	(3,013)	(15,090)
– Under-provision in respect of prior year	–	239
Income tax credit	(3,013)	(15,001)

Hong Kong profits tax is calculated at the rate of 16.5% (six months ended 30 September 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 being 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 in the People's Republic of China (the "PRC") is calculated based on a statutory tax rate of 25% (six months ended 30 September 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.

8. DIVIDENDS

No dividend has been paid or declared by the Company during each of the six months ended 30 September 2021 and 2020.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. LOSS PER SHARE

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Loss for the period attributable to owners of the Company for the purpose of calculating basic loss per share	(21,720)	(76,104)

	Six months ended 30 September	
	2021 '000 (Unaudited)	2020 '000 (Unaudited)
Number of shares		
Weighted average number of shares for the purpose of calculating basic loss per share	661,380	567,432

For the six months ended 30 September 2021 and 2020, diluted loss per share is the same as basic loss per share. There are no dilutive effects on the impact of the exercise of the share options as they are anti-dilutive.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2021, the Group acquired items of property, plant and equipment at cost of HK\$4,683,000 (six months ended 30 September 2020: HK\$107,000), and disposed of items of property, plant and equipment with an aggregate net book value of HK\$92,000 (six months ended 30 September 2020: HK\$61,000).



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. TRADE RECEIVABLES

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Trade receivables	446,227	426,718
Less: Provision for impairment loss	(227,968)	(210,461)
Trade receivables, net	218,259	216,257
Classified as:		
Non-current assets	13,574	17,894
Current assets	204,685	198,363
	218,259	216,257

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 schedule 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:

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
0 to 30 days	21,642	21,029
31 to 90 days	14,640	15,874
91 to 180 days	9,700	4,704
181 to 365 days	34,407	8,782
Over 365 days	137,870	165,868
	218,259	216,257

The Group assigned certain receivables of a customer to a bank to secure banking facilities granted to the Group (the "Assignment"). As at 30 September 2021, trade receivables of HK\$75,534,000 (31 March 2021: HK\$67,276,000) were subject to the Assignment.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. TRADE PAYABLES

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Trade payables	37,801	28,286
Classified as:		
Non-current liabilities	7,094	11,017
Current liabilities	30,707	17,269
	37,801	28,286

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

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
0 to 30 days	9,227	115
31 to 90 days	43	594
91 to 180 days	648	1,343
181 to 365 days	1,808	850
Over 365 days	26,075	25,384
	37,801	28,286

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. As such, the fair value of the consideration attributable to the supplier is determined by discounting the nominal amount of all future payments.





NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. ACCRUALS, OTHER PAYABLES AND DEPOSITS RECEIVED

In 2017, the Company issued certain notes to two companies (the “**Creditors**”), which became overdue on 22 July 2020. As such, the Company subsequently entered into a deed of settlement with each of the Creditors (collectively, “**Deeds of Settlement**”) in respect of the notes on 22 July 2020. During the year ended 31 March 2021, the Company received statutory demands from the legal representatives acting on behalf of each of the Creditors in which the creditors were demanding payment from the Company for its indebtedness under each of the Deeds of Settlement within 21 days from the date of the statutory demands. As at the date of approval of these unaudited condensed consolidated financial statements, the Company is still in the discussion of the repayment arrangement with the Creditors. No further action has been carried out by the Creditors.

14. BORROWINGS

	Notes	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Secured and guaranteed bank loans			
– Amounts repayable within one year	(a)	30,039	31,595
Secured and guaranteed other loans			
– Amounts repayable within one year	(c)	23,097	23,097
Unsecured and guaranteed other loans			
– Amounts repayable within one year	(b)	23,238	23,233
Unsecured other loan			
– Amounts repayable within one year		4,500	4,500
Total borrowings		80,874	82,425

Notes:

- (a) The balances were overdue as at 30 September 2021. In relation to the bank loan whose carrying amount was HK\$ 27,091,000 (31 March 2021: HK\$ 28,377,000), the Company received two statutory demands during the year ended 31 March 2021 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 the respective date of the statutory demand, being the dates of service of the respective statutory demand. As at the date of approval of these unaudited condensed 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) As at 30 September 2021, balances of HK\$12,776,000 (31 March 2021: HK\$ 12,771,000) were overdue. In relation to other loans whose carrying amount was HK\$10,643,000 (31 March 2021: HK\$12,461,000) as at 30 September 2021, the Company received a statutory demand during the year ended 31 March 2021 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. As at the date of approval of these unaudited condensed 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.
- (c) As at 30 September 2021, other loans of HK\$23,097,000 (31 March 2021: HK\$ 23,097,000) were overdue.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. BORROWINGS (Continued)

Based on the schedule repayment dates set out in the bank loan and other loan agreements and ignoring the effect of any repayment on demand clause, the borrowings are repayable as follows:

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
Within one year	80,874	82,425

15. NOTES PAYABLE

In relation to the notes payable whose carrying amount was HK\$56,870,000 (31 March 2021: HK\$76,600,000).

(a) HK\$ 34,270,000 (31 March 2021: HK\$54,000,000) 9.5% notes

During the year ended 31 March 2018, the Company issued secured guaranteed notes with a principal amount of HK\$80,000,000 at 9% per annum with a term of 12 months extendable to up to 36 months at the noteholder's discretion (the "9% Notes"). The 9% Notes are secured by personal guarantees by Mr. Wong Man Fai Mansfield ("Mr. Mansfield Wong") and Mr. Lam Arthur ("Mr. Arthur Lam") and charges over shares in the Company beneficially owned by Mr. Mansfield Wong, Mr. Arthur Lam and an independent third party (the "Pledged Shares"). During the year ended 31 March 2019, the Company repaid HK\$10,000,000 of the principal to the noteholder upon a mutual agreement and the term of 9% Notes was extended from 12 months to 24 months and the interest rate was revised to 9.5% per annum. As at 30 September 2021 and 31 March 2021, the notes payable has been overdue and immediately repayable upon the request by the lender.

The Company received a statutory demand during the year ended 31 March 2021 from the legal adviser acting on behalf of the noteholder, demanding payment from the Company for its indebtedness under the note within 21 days from the date of the statutory demand. During the period, the noteholder has exercised its rights to sell part of the Pledged Shares for repayment of part of the notes payables. As at the date of approval of these unaudited condensed consolidated financial statements, the Company is still in the discussion of the repayment arrangement with the noteholder.

(b) HK\$22,600,000 (31 March 2021: HK\$22,600,000) 2.5% notes

During the year ended 31 March 2019, the Company issued a promissory note with a principal amount of HK\$20,000,000 at 2.5% per annum with a term of 12 months (the "2.5% Note"). The Company may prepay all or any portion of the interest and the unpaid principal balance of the 2.5% Note without penalty or premium. Should any of the event of default set out in the agreement of the 2.5% Note happens, the holder of the 2.5% Note may require the Company to repay all or a portion of the outstanding principal together with all interest accrued to the noteholder unless otherwise agreed between the Company and the noteholder. On 6 January 2021, the Group entered into an extension with the promissory note with the noteholder for further 12 months based on the terms of the last agreement signed on 7 January 2020.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Issued and fully paid ordinary shares:		
At 1 April 2020, 31 March 2021 and 1 April 2021	660,000,000	6,600
Shares issued under Share Option Scheme (note)	2,806,000	28
At 30 September 2021 (Unaudited)	662,806,000	6,628

Note: On 2 July 2021, 2,806,000 share options were exercised at HK\$0.29 each.

17. RELATED PARTY TRANSACTIONS

(a) The Group had the following material related party transactions during the period:

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Sales of goods to associates	7,759	9,574
Computer software consultancy service fees paid to a related company	168	168
Rental expenses paid to a related company	-	102
Management income from a related company (note)	-	758

Note: Management income was received on a cost reimbursement basis for general administrative services provided by the Group to a related company, in which Mr. Arthur Lam is a director.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Short-term employee benefits	1,957	2,455
Equity-settled share option expense	74	58
	2,031	2,513

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. FINANCIAL INSTRUMENTS

Fair value measurement

The fair values of the Group's current portion of financial assets and liabilities measured at amortised cost are not materially different from their carrying amounts because of the immediate or short term maturity. The fair values of the non-current portion of financial assets and liabilities measured at amortised cost are not disclosed because the values are not materially different from their carrying amounts.

The following table provides an analysis of financial instruments carried at fair value by level of the fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	30 September 2021			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Equity investment at FVTPL				
Unlisted equity investment	-	-	28,000	28,000
Financial liabilities at FVTPL				
Redeemable performance shares	-	-	(3,704)	(3,704)

	31 March 2021			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Equity investment at FVTPL				
Unlisted equity investment	-	-	28,000	28,000
Financial liabilities at FVTPL				
Redeemable performance shares	-	-	(3,729)	(3,729)

There were no transfers between different levels during the period.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. FINANCIAL INSTRUMENTS (Continued)

Information about level 3 fair value measurements

The fair value of the unlisted equity investment in InVinity is estimated using a discounted cash flow method.

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements:

Description	Fair value at		Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
	30 September 2021 HK\$'000	31 March 2021 HK\$'000				
Unlisted equity investment	28,000	28,000	Asset-based method	Weighted average cost of capital	12%	A 5% increase (decrease) in WACC would result in decrease (increase) in fair value by approximately HK\$235,000

Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (Level 3) are as follows:

	As at 30 September 2021 HK\$'000 (Unaudited)	As at 31 March 2021 HK\$'000 (Audited)
At beginning of the period/year	28,000	49,000
Fair value change	-	(21,000)
At end of the period/year	28,000	28,000

Fair value change of unlisted equity investment at FVTPL was recognised in other expenses on the face of the unaudited condensed consolidated statement of comprehensive income.

19. MAJOR NON-CASH TRANSACTIONS

During the period ended 30 September 2021, the noteholder of the 9% Notes has exercised its rights to sell part of the Pledged Shares to repay part of the notes payable amounted to approximately HK\$19,730,000. Save as disclosed, there were no other material non-cash transactions during the period ended 30 September 2021.



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