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

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1539)**

**DISCLOSEABLE TRANSACTION  
PROVISION OF GUARANTEE AND  
ADVANCEMENT OF SHAREHOLDER'S LOANS**

**PROVISION OF GUARANTEE AND ADVANCEMENT OF SHAREHOLDER'S LOANS**

On 23 May 2019, the Company, Synergy Worldwide and Synergy Lighting (together as “**Guarantors**”) entered into the Guarantee Agreement with the Bank, pursuant to which Guarantors guaranteed to pay the Secured Indebtedness in respect of the Debt due and owing to the Bank by Kedah Synergy HK (an associated company of the Group indirectly owned as to 47.5% by Synergy Worldwide).

On 22 June 2018, 8 August 2018 and 1 March 2019, the Previous Loan Agreements, including the First Loan Agreement, the Second Loan Agreement and the Third Loan Agreement, were entered into between Synergy Worldwide as lender and Kedah Synergy as borrower respectively for the loans in an aggregate amount of approximately HK\$9.83 million. For the period from 6 September 2017 to 9 May 2018, Synergy Worldwide had provided advancement to Kedah Synergy in the form of shareholder's loans in the total amount of approximately HK\$20.52 million.

**IMPLICATION UNDER THE LISTING RULES**

Each of the First Loan Agreement, the Second Loan Agreement and the Third Loan Agreement on a standalone basis or when aggregated, does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

As the relevant percentage ratios under the Listing Rules in respect of the Provision of Guarantee on a standalone basis are more than 5% but less than 25%, the transactions contemplated under the Provision of Guarantee constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.22 of the Listing Rules, the Previous Loan Agreements are aggregated with the Provision of Guarantee as both of them involve the provision of financial assistance by the Group to Kedah Synergy. As the relevant percentage ratios under the Listing Rules in respect of the Provision of Guarantee and the advancement of shareholder's loans under the Previous Loan Agreements (on an aggregated basis) are more than 5% but less than 25%, the transactions contemplated under the Provision of Guarantee constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Therefore, the Provision of Guarantee is subject to the requirements of the reporting and announcement, but is exempted from the requirement of shareholders' approval, pursuant to Chapter 14 of the Listing Rules.

As at the date of this announcement, the Group has provided advancement to Kedah Synergy in the form of shareholder's loans and a guarantee given as securities for a bank facility granted to Kedah Synergy HK in the aggregate amount of approximately HK\$70.35 million, which exceeds 8% under the assets ratio of the Company as defined under Rule 14.07(1) of the Listing Rules and therefore triggers a general disclosure obligation pursuant to Rules 13.13, 13.15 and 13.16 of the Listing Rules.

Due to the working capital need, Kedah Synergy HK applied to the Bank for the Debt of HK\$66,000,000. As a result and upon the Bank's request, on 23 May 2019, the Guarantors entered into the Guarantee Agreement with the Bank, pursuant to which Guarantors guaranteed to pay the Secured Indebtedness in respect of the Debt due and owing to the Bank by Kedah Synergy HK (an associated company of the Group indirectly owned as to 47.5% by Synergy Worldwide). The principal terms of the Guarantee Agreement are as follows:

#### **THE GUARANTEE AGREEMENT**

- Date: 23 May 2019
- Parties: (1) Synergy Group Holdings International Limited, Synergy Worldwide and Synergy Lighting (as the Guarantors under the Guarantee Agreement)
- (2) Bank (as the creditor under the Guarantee Agreement)
- Term: From the date of the Guarantee Agreement to the date that all liabilities due owing or incurred to the Bank are repaid
- Consideration: Guarantors shall not receive any fee or commission for the Provision of Guarantee
- Liabilities of the Guarantors: Joint and several liability
- Scope of guarantee securities: the Secured Indebtedness (namely, an amount of HK\$40,000,000 in respect of the Debt and the interest and all costs and expenses reasonably incurred by the Bank incidental to any agreement relating to the liability due owing or incurred to the Bank, including but not limited to the costs and expenses in connection with the recovery or attempted recovery by the Bank of any liabilities due owing or incurred to the Bank)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Bank and its ultimate beneficial owners is an Independent Third Party.

## ADVANCEMENT OF SHAREHOLDER'S LOANS

On 22 June 2018, 8 August 2018 and 1 March 2019, the First Loan Agreement, the Second Loan Agreement and the Third Loan Agreement were entered into between Synergy Worldwide as lender and Kedah Synergy as borrower respectively for an aggregate loan of approximately HK\$9.83 million, each having the same terms (save and except for the loan amount). For the period from 6 September 2017 to 9 May 2018, Synergy Worldwide had provided advancement to Kedah Synergy in the form of shareholder's loans in the total amount of approximately 20.52 million. The details of the terms of the Previous Loan Agreements and the Previous Loan Advancements are set out as follows:

Date of the advancement of shareholder's loans or loan agreement:	Previous Loan Advancements:	6 September 2017 4 December 2017 19 January 2018 20 March 2018 9 May 2018
	First Loan Agreement:	22 June 2018
	Second Loan Agreement:	8 August 2018
	Third Loan Agreement:	1 March 2019
Lender:	Synergy Worldwide	
Borrower:	Kedah Synergy	
Amount of loan:	An aggregate amount of loans provided under the Previous Loan Advancement for the period from 6 September 2017 to 9 May 2018: HK\$20,520,000	
	First Loan Agreement: HK\$3,800,000; Second Loan Agreement: HK\$4,370,000; and Third Loan Agreement: HK\$1,662,500,	
	each being Synergy Worldwide's pro rata contribution of the shareholders' loans in accordance with the shareholding of Synergy Worldwide in Kedah Synergy as at the date of the respective advancement of shareholder's loans or agreements (as the case may be).	
Interests:	Interest-free	
Term and repayment:	No definite term and repayable by Kedah Synergy upon the demand of Synergy Worldwide at any time	

## **INFORMATION ON THE GROUP AND KEDAH SYNERGY**

Synergy Worldwide is a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company.

The Group is one of the leading integrated energy saving and management solutions providers based in Hong Kong. The Group is principally engaged in design and customisation, investment, installation and commissioning, operation and maintenance of energy efficiency technology, and investment in (i) renewable energy and (ii) energy storage and distributed energy resources.

Kedah Synergy is an associated company of the Group which was owned as to 47.5% by the Group as at the date of this announcement and is principally engaged in the business of energy saving management in South Africa. Further, Kedah Synergy intends to offer energy saving solutions in relation to refrigeration, air-conditioning, solar photovoltaic system with vanadium battery storage.

To the best knowledge of the Directors, the other shareholder of Kedah Synergy primarily engaged in trading business of household products and had a long term business relationship with a major retailer in South Africa for more than 30 years.

## **INFORMATION OF THE BANK**

The Bank is a financial institution established in Singapore. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Bank and its ultimate beneficial owners is an Independent Third Party.

## **REASONS FOR AND BENEFITS OF THE PROVISION OF GUARANTEE AND SHAREHOLDER'S LOANS**

On 18 April 2016, Synergy Worldwide jointly incorporated Kedah Synergy with a number of Independent Third Parties and Synergy Worldwide was interested in 35% of the issued shares of Kedah Synergy at the relevant time.

On 13 November 2017, Synergy Worldwide completed an acquisition of an aggregate of 12.5% in Kedah Synergy from two other then shareholders of Kedah Synergy. Synergy Worldwide became interested in 47.5% of the issued shares of Kedah Synergy upon completion of the acquisition.

The revenue and net profit of Kedah Synergy and its subsidiaries for the year ended 31 March 2018 were approximately HK\$37.0 million and HK\$14.3 million, respectively. Installation of customised LED products in the retail outlets of a major retailer (“**Retailer Partner**”) had commenced during the year ended 31 March 2018. The shares of the Retailer Partner’s holding company are currently listed on the Johannesburg Stock Exchange and, according to its 2018 annual report, the turnover of its group (“**Retailer Partner Group**”) was approximately 145 billion Rand (equivalent to approximately HK\$87.2 billion) for the year ended 1 July 2018 and its total assets was approximately 61.8 billion Rand (equivalent to approximately HK\$37.1 billion) as at 1 July 2018. The market capitalisation of the Retailer Partner Group amounted to approximately 100.2 billion Rand (equivalent to approximately HK\$60.1 billion) based on the closing price of its shares as of 22 May 2019. It operated 2,738 retail outlets in 15 countries. Kedah Synergy has commenced installation of the customised LED products in the retail outlets of the Retailer Partner since November 2017. The purpose of the advancement of the shareholder’s loans pursuant to the Previous Loan Agreements, the Previous Loan Advancements and the Provision of Guarantee was to provide working capital for Kedah Synergy for its business operation.

The amount of the loans advanced under each of the Previous Loan Advancements and the Previous Loan Agreements was determined with reference to the Board’s estimation on business and operation needs of Kedah Synergy at the relevant time and was financed by the internal resources of the Group. The respective terms of each of the Previous Loan Advancements and the Previous Loan Agreements were negotiated on an arm’s length basis between the Group and Kedah Synergy. The Directors believe that the terms of the Previous Loan Advancements, the Previous Loans Agreements and the Guarantee Agreement are fair and reasonable and in the interests of the Shareholders as a whole considering the potential benefits which can be brought by Kedah Synergy to the Group as explained above.

## **IMPLICATION UNDER THE LISTING RULES**

Each of the First Loan Agreement, the Second Loan Agreement and the Third Loan Agreement on a standalone basis or when aggregated, does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

As the relevant percentage ratios under the Listing Rules in respect of the Provision of Guarantee on a standalone basis are more than 5% but less than 25%, the transactions contemplated under the Provision of Guarantee constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.22 of the Listing Rules, the Previous Loan Agreements are aggregated with the Provision of Guarantee as both of them involve the provision of financial assistance by the Group to Kedah Synergy. As the relevant percentage ratios under the Listing Rules in respect of the Provision of Guarantee and the advancement of shareholder’s loans under the Previous Loan Agreements (on an aggregated basis) are more than 5% but less than 25%, the transactions contemplated under the Provision of Guarantee constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Therefore, the Provision of Guarantee is subject to the requirements of the reporting and announcement, but is exempted from the requirement of shareholders’ approval, pursuant to Chapter 14 of the Listing Rules.

Pursuant to Rules 13.13, 13.15 and 13.16 of the Listing Rules, a general disclosure obligation arises where the relevant advances to an entity by the Group or the financial assistance to affiliated companies of the Company exceeds 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules. As at the date of this announcement, the Group has provided advancement to Kedah Synergy in the form of shareholder's loans and a guarantee given as securities for a bank facility granted to Kedah Synergy HK in the aggregate amount of approximately HK\$70.35 million, which exceeds 8% under the assets ratio of the Company as defined under Rule 14.07(1) of the Listing Rules and therefore triggers a general disclosure obligation pursuant to Rules 13.13, 13.15 and 13.16 of the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions have the meaning set out below unless the context requires otherwise:

“Bank”	United Overseas Bank Limited, a financial institution established in Singapore
“Board”	the board of Directors
“Company”	Synergy Group Holdings International Limited (滙能集團控股國際有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Debt”	the facilities of up to the amount of HK\$66,000,000 to be applied from time to time by Kedah Synergy HK from the Bank subject to (i) the Bank's prior approval, (ii) the fulfillment of the conditional precedent to the Bank's satisfaction and (iii) the Bank's receipt of the requisite documents in form and substance acceptable to the Bank under the Letter of Banking Facilities
“Director(s)”	the director(s) of the Company
“First Loan Agreement”	the agreement dated 22 June 2018 entered into between Synergy Worldwide as lender and Kedah Synergy as borrower in relation to a shareholder's loan of HK\$3,800,000 provided to Kedah Synergy
“Group”	the Company and its subsidiaries from time to time
“Guarantee Agreement”	the guarantee agreement dated 23 May 2019 entered into by each of Guarantors in favour of the Bank, pursuant to which Guarantors agreed to guarantee to pay, among others, all the Secured Indebtedness
“Guarantors”	the Company, Synergy Worldwide and Synergy Lighting
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China



“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	Individual(s) or company(ies) which is independent of and not connected with (within the meaning of the Listing Rules) any member company of the Group, the Directors, chief executives and substantial shareholders of the Company and its subsidiaries and their respective associates
“Kedah Synergy”	Kedah Synergy Limited, a company incorporated in the British Virgin Islands with limited liability and owned as to 47.5% by Synergy Worldwide and 52.5% by an Independent Third Party as at the date of this announcement
“Kedah Synergy HK”	Kedah Synergy Hong Kong Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of Kedah Synergy
“Letter of Banking Facilities”	the letter dated 29 April 2019 issued by the Bank to Kedah Synergy HK in respect of the banking facilities of up to HK\$66,000,000
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Previous Loan Advancements”	the advancements of shareholder’s loans in the total amount of approximately HK\$20.52 million from Synergy Worldwide as lender to Kedah Synergy as borrower for the period from 6 September 2017 to 9 May 2018
“Previous Loan Agreements”	collectively, the First Loan Agreement, the Second Loan Agreement and the Third Loan Agreement
“Provision of Guarantee”	the provision of guarantee by Guarantors of the amount of the Secured Indebtedness in favour of the Bank pursuant to the terms of the Guarantee Agreement
“Rand”	South African Rand, the lawful currency of South Africa
“Second Loan Agreement”	the agreement dated 8 August 2018 entered into between Synergy Worldwide as lender and Kedah Synergy as borrower in relation to a shareholder’s loan of HK\$4,370,000 provided to Kedah Synergy
“Secured Indebtedness”	an amount of HK\$40,000,000 in respect of the Debt provided by the Bank to Kedah Synergy HK and interest and all costs and expenses reasonably incurred by the Bank incidental to any agreement relating to the liability due owing or incurred to the Bank, including but not limited to the costs and expenses in connection with the recovery or attempted recovery by the Bank of any liabilities due owing or incurred to the Bank

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Synergy Lighting”	Synergy Lighting Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Synergy Worldwide”	Synergy Group Worldwide Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Third Loan Agreement”	the agreement dated 1 March 2019 entered into between Synergy Worldwide as lender and Kedah Synergy as borrower in relation to a shareholder’s loan of HK\$1,662,500 provided to Kedah Synergy
%	per cent.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 23 May 2019

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

*For the purpose of this announcement, unless otherwise specified, conversions of Rand into HK\$ are based on the approximate exchange rate of 1 Rand to HK\$0.60.*