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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)**

**ANNOUNCEMENT IN RELATION TO  
THE AUDITED ANNUAL RESULTS  
FOR THE YEAR ENDED 31 MARCH 2020**

**AUDITED CONSOLIDATED ANNUAL RESULTS**

Reference is made to the announcement of Synergy Group Holdings International Limited (the “**Company**”) dated 30 June 2020 in relation to the unaudited annual results announcement of the Group for the year ended 31 March 2020 (the “**Unaudited Results Announcement**”). Unless otherwise defined herein, capitalised terms used herein shall have the same meanings as those defined in the Unaudited Results Announcement.

The Board of the Company is pleased to announce that the Company’s auditor, BDO Limited (“**BDO**”), has completed its audit of the annual results of the Group for the year ended 31 March 2020 (“**2019/2020 Results**”) in accordance with the Hong Kong Standards of on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The 2019/2020 Results contained in the Unaudited Results Announcement remain unchanged.

## **SCOPE OF WORK OF BDO**

The financial figures in respect of the Unaudited Results Announcement of the Group's results for the year ended 31 March 2020 have been agreed by the Company's auditor, BDO, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2020 as approved by the Board on 31 July 2020. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the Unaudited Results Announcement.

## **EXTRACT OF INDEPENDENT AUDITOR'S REPORT**

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

### **Disclaimer of Opinion**

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

### **Basis for Disclaimer of Opinion**

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

As disclosed in note 3(c) to the consolidated financial statements, the Group incurred loss of HK\$111,140,000 for the year ended 31 March 2020. As at 31 March 2020, the Group's current liabilities amounted to HK\$304,087,000. Included in the current liabilities were borrowings of HK\$674,000 (the "**Borrowings**") and notes payable of HK\$60,000,000 (the "**Notes Payable**") that were overdue and immediately repayable upon the request by the lenders (the "**Lenders**").

As at 31 March 2020, the Group had cash and cash equivalents of HK\$9,370,000. Based on the historical settlement profile of the trade debtors and other operating cash flows projections, the directors of the Company were aware of that the Group may not be able to settle the Borrowings and the Notes Payable upon the request of immediate settlement from the Lenders.

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

In view of such circumstances, the directors of the Company have prepared a cash flow forecast of the Group covering a period of twelve months from the end of the reporting period which have taken into account certain plans and measures as set out in note 3(c) to the consolidated financial statements (the "**Cash Flow Forecast**"). Based on the Cash Flow Forecast, the directors of the Company are of the opinion that the Group is able to continue as a going concern and it is appropriate to prepare the consolidated financial statements on a going concern basis.

The appropriateness of the consolidated financial statements prepared on a going concern basis largely depends on whether the assumptions underlying the Cash Flow Forecast are reasonable and supportable.

However, in respect of the assumptions that the Group will successfully (i) renew or extend the repayment date of the overdue notes payable amounting to HK\$60,000,000 as at 31 March 2020; and (ii) obtain new financing to enhance the Group's liquidity, we sought but failed to obtain sufficient evidence and details to support that such assumptions are feasible and reasonable.

Due to the limitations on our scope of work as stated above, we were unable to obtain sufficient appropriate evidence to determine whether the directors' conclusion that the Group is able to continue as a going concern and the consolidated financial statements prepared on a going concern basis is appropriate.

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

## **THE BOARD AND THE AUDIT COMMITTEE'S PLAN TO ADDRESS THE DISCLAIMER OF OPINION**

To tackle the issues raised by the auditor of the Company in its disclaimer of opinion, the Board shall spare no effort in enhancing the Group's operating cash flow. The Board has adopted different measures and taken various actions with different dimensions to further improve its cash flow:

- (i) The Directors will implement stronger measures aiming at improving the working capital and cash flows of the Group, including but not limited to closely monitoring the general administrative expenses and operating costs;

- (ii) The Directors are in the process of further reviewing and tightening the credit policy to current and new customers, and shortening the reporting intervals and improving follow up measures on account receivable collection; and
- (iii) The Company is in negotiation with a number of potential investors for fundraising activities which are expected to provide immediate cashflow to the Group if they materialise, including but not limited to the possible issuance of convertible bonds and promissory notes by the Group. The Company is also negotiating with a number of investors who are interested in acquiring certain business segment and/or account receivables of the Group.

## **REVIEW OF AUDITED ANNUAL RESULTS**

The Audit Committee has reviewed the audited consolidated annual results of the Group for the year ended 31 March 2020, including the accounting principles and practices adopted by the Group, which was of the opinion that such financial information complied with the applicable accounting standards and requirements and the Listing Rules, and adequate disclosures had been made.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company (the “AGM”) is scheduled to be held on Wednesday, 16 September 2020. A circular containing, among other matters, further information relating to the AGM will be published and despatched to the shareholders of the Company in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will (so long as the AGM remains to be Wednesday, 16 September 2020) be closed from Thursday, 10 September 2020 to Wednesday, 16 September 2020, both dates inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all duly completed and signed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 9 September 2020.

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

Hong Kong, 31 July 2020

*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.*