

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

(I) PROFIT WARNING; AND (II) INSIDE INFORMATION – POSSIBLE WINDING UP PETITIONS AGAINST THE COMPANY

This announcement is made by Synergy Group Holdings International Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

(I) PROFIT WARNING

The board of directors (the “**Board**” or the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the preliminary review of the draft unaudited consolidated management accounts of the Group for the financial year ended 31 March 2021 (the “**Year**”) and the information currently available to the Board, the Group is expected to record a loss attributable to owners of the Company of not less than HK\$265 million, as compared to the loss attributable to owners of the Company of approximately HK\$110 million for the year ended 31 March 2020.

Subject to finalisation of the annual results of the Group for the Year, the Board considers that the expected loss of the Group was primarily attributable to the following reasons:

- (i) the decline of not more than 60% in our Group's turnover as compared with the previous year, which was mainly attributable to the decrease in revenue in the trading of energy saving products segment by not more than 80% due to the drop in customer demand and the delays in delivery of products as the customers and the distributors were adversely affected by the negative economic effects from the escalating uncertainty in the international trade policy, the global financial conditions and the outbreak of COVID-19 during the Year;
- (ii) the loss on modification of terms of financial assets of not less than HK\$60 million for the Year, which was mainly due to the discount offered to one of the customers of the Group has been affected by the outbreak of COVID-19 and in return agreed on early settlement of outstanding payments;
- (iii) the increase in impairment losses of the trade receivables of the Group for the Year, which was mainly due to the increase in the relevant expected credit losses as some of the customers were affected by outbreak of COVID-19 and have delayed their payments to the Group; and
- (iv) the impairment loss on goodwill of Synergy Cooling Management Limited and its subsidiaries ("**SCML Group**") for the Year, which was mainly due to the delays in progress of the major projects being carried out by the SCML Group, where some of the projects involved the changes of energy saving equipment in government buildings, hospitals and medical clinics located in Malaysia, which have been adversely affected by COVID-19.

As the Company is still in the course of finalising its annual results for the Year, the information contained in this announcement is only based on the preliminary review of the draft unaudited consolidated management accounts of the Group for the Year and the information currently available to the Board. Also, the Board is awaiting the finalised valuation results of certain assets by relevant professional valuers, which are yet to be reviewed and agreed by the independent auditors of the Company. Details of the performance of the Group for the Year will be disclosed in the annual results announcement of the Company which is expected to be published by end of June 2021 in accordance with the requirements under the Listing Rules. Shareholders and potential investors should exercise caution when dealing or contemplating in dealing in the shares of the Company.

(II) INSIDE INFORMATION – POSSIBLE WINDING UP PETITIONS AGAINST THE COMPANY

References are made to the announcements of the Company dated 12 August 2020, 2 September 2020, 29 September 2020, 16 October 2020 and 6 November 2020 in relation to, among others, a number of statutory demands issued by the creditors of the Company (collectively, the “**Statutory Demand Announcements**”).

As at 31 May 2021, the total amount of overdue borrowings of the Group amounted to approximately HK\$230.3 million, among which a number of creditors (the “**SD Creditors**”) in relation to an aggregate loan amount of approximately HK\$190.3 million have filed statutory demands against the Company as disclosed in the Statutory Demand Announcements. Summary of the key information on the indebtedness from the SD Creditors is listed as follows:

Name of SD Creditors	Date of statutory demands	Indebtedness amount as at 31 May 2021
Wan Tai Investments Limited (<i>Note</i>)	7 August 2020	HK\$83,489,561
The Hongkong and Shanghai Banking Corporation Limited	19 August 2020	HK\$32,555,880
Great Focus International Limited and Peaceful Clear Limited	14 October 2020	HK\$58,787,769
Hitachi Capital (Hong Kong) Limited	27 October 2020	HK\$15,459,756

Note: It is an indirectly wholly-owned special purpose vehicle of CCB International (Holdings Limited) holding the note issued by the Company in 2017.

All of these statutory demands were served to the Company in 2020 and the Company is still unable to repay the relevant indebtedness because of the unfavorable prevailing financing situation of the Group. Since the Group 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 expects that it may further receive statutory demands from other creditors in relation to other overdue indebtedness, which may result in further possible legal action(s) against the Company. In particular, the Company is in discussion with a commercial bank in Hong Kong (the “**Bank Creditor**”) to which the Group owed an outstanding revolving loan amount of approximately HK\$3,148,500 as at 31 May 2021. The Bank Creditor has repeatedly demanded repayment of the outstanding loan and has indicated that further legal actions may be taken against the Company if no repayment is made by the Group by 30 June 2021.

Based on the unaudited consolidated management accounts of the Group, the Group’s cash and bank balances as at 31 May 2021 amounted to approximately HK\$8.0 million, while the monthly average operating expenses of the Group for the year ended 31 March 2021 amounted to approximately HK\$1.9 million. As such, the Company is currently at a critical stage to resolve its financial situation.

Over the past few months, the Directors and the management have been exploring means to enhance the financial position of the Group. However, the high level of loans and borrowings and the high gearing ratio of the Group prohibit the Group to obtain further financing from various channels. As such, the Directors have been taking proactive steps to exhaust all feasible rescue plans, including but not limited to debt restructuring and equity and/or debt financing, which may or may not be bundled together, to enhance the cashflows and improve the financial position of the Group, and to continue discussions with creditors in order to restructure the outstanding indebtedness to avoid bankruptcy.

Further announcement(s) will be made by the Company as and when appropriate or as required under the Listing Rules.

Shareholders and potential investors should 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, 21 June 2021

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