

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)

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO
(I) THE ANNUAL REPORT FOR THE YEAR ENDED
31 MARCH 2020; AND
(II) THE ANNUAL RESULTS ANNOUNCEMENT AND
THE ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2021**

References are made to (i) the annual report of the Synergy Group Holdings International Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 March 2020 (the “**2020 Annual Report**”); (ii) the annual results announcement of the Company for the year ended 31 March 2021 (the “**2021 Annual Results**”); and (iii) the annual report of the Company for the year ended 31 March 2021 (the “**2021 Annual Report**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the 2020 Annual Report, 2021 Annual Results and the 2021 Annual Report.

SUPPLEMENTAL INFORMATION TO THE 2020 ANNUAL REPORT

In addition to the information provided in the 2020 Annual Report, the Board would like to provide further information in relation to the other expenses of the Group for the year ended 31 March 2020.

The other expenses for the year ended 31 March 2020 of approximately HK\$108,583,000 mainly represented (i) impairment loss of goodwill of approximately HK\$32,379,000; (ii) fair value loss on equity investment at fair value through profit or loss of approximately HK\$22,000,000; (iii) provision for impairment loss of financial assets of approximately HK\$50,978,000; and (iv) other expenses of approximately HK\$3,226,000 including loss on disposal of property, plant and equipment.

The above additional information does not affect other information contained in the 2020 Annual Report and save as disclosed above, all other information in the 2020 Annual Report remains unchanged.

SUPPLEMENTAL INFORMATION TO THE 2021 ANNUAL RESULTS AND THE 2021 ANNUAL REPORT

In addition to the information provided in the 2021 Annual Results and 2021 Annual Report, the Board would like to provide further information in relation to the (i) disclaimer of opinion (the “**Audit Qualification**”) issued by the auditor of the Company (the “**Auditor**”); and (ii) notes payable in relation to the consolidated financial statements of the Group for the year ended 31 March 2021 and as at 31 March 2021.

(a) Management’s view on the Audit Qualification

As set out in the 2021 Annual Results and the 2021 Annual Report, it is considered that a material uncertainty existed that may cast significant doubt on the Group’s ability to continue as a going concern. Accordingly, the Auditor issued a disclaimer opinion on the appropriateness of the going concern assumption.

The management of the Company understands that the Audit Qualification is a result of limitation of scope about the going concern assumption as the Auditor could not obtain sufficient evidence for various matters in relation to the rescue plans and measures taken to improve the Group's financial position. The following is the management's assessment on each rescue plan and measure mentioned in the Audit Qualification:

(i) The negotiation with certain creditors in relation to settlement by way of issuance of new shares of the Company

The management is of the view that the settlement of balances with these creditors by way of issuance of new shares of the Company has already been negotiated and agreed in principle, and therefore the Directors are confident that this plan would be executed successfully. However, there is no documentary evidence regarding this plan and the respective definitive agreement(s) regarding the said proposed settlement have not been signed. As such, no documentary or other sufficient information was provided to the Auditor in regard to the measures for assessing successful implementation of this plan.

(ii) The negotiation with the SD Creditors not to exercise their rights to present the winding-up petition against the Company

The management has been communicating with the SD Creditors and are in advanced negotiation with them. Based on such advanced negotiation, although the SD Creditors have the right to present the Petition anytime against the Company, they have not indicated their intention to present the Petition against the Company at the time of issuance of the financial statements for the year ended 31 March 2021. However, there is no documentary evidence in support of such intention of the SD Creditors. As such, no documentary or other sufficient information was provided to the Auditor in regard to the measures for assessing the successful implementation of this plan.

(iii) The negotiation with certain creditors for Debt Restructuring

The management has been communicating with certain creditors and are in advanced negotiation with them and the Directors are confident that the Debt Restructuring plan would be executed successfully. However, as no formal documents have been signed at the time of issuance of the financial statements for the year ended 31 March 2021, and the Debt Restructuring is subject to obtaining necessary statutory, regulatory, and creditors' approvals at different stages. As such, no documentary or other sufficient information was provided to the Auditor in regard to the measures for assessing the successful implementation of this plan.

On the assumption of the successful implementation of the rescue plans and measures which the management has taken to improve the Group's financial position, the management is satisfied that it is appropriate to prepare the Group's consolidated financial statements for the year ended 31 March 2021 on a going concern basis.

(b) Audit Committee's view on the Audit Qualification

The Audit Committee had critically reviewed the Audit Qualification, the management's assessment and the management's rescue plans and measures to address the Audit Qualification. The Audit Committee also had discussions with the Auditor, after which the Audit Committee has comprehended that the cause of the Audit Qualification is, as mentioned above, the unsuccessful capture of sufficient information as mentioned above to support on the Group's ability to continue as a going concern. In light of the above, the Audit Committee concurs with the management's view with respect to the Audit Qualification and acknowledged the rescue plans and measures implemented by the Group to address the liquidity matter. The Audit Committee is also of the view that the management should continue its efforts in implementing the rescue plans and measure with the intention of mitigating the Group's liquidity pressure.

(c) Removal of the Audit Qualification

As the Audit Qualification is based on the Group's ability to continue as a going concern, if the Group's rescue plans and measures can be implemented successfully, the Directors believe that the Group will be able to realise its assets and discharge its liabilities in the normal course of business and continue as a going concern. However, as the management's assessment of the Group's ability to continue as a going concern for the purposes of preparing the Group's consolidated financial statements for the year ending 31 March 2022 has to take into consideration of the then conditions and circumstances and could only be made at the end of the relevant reporting period, the Auditor is unable to ascertain at this moment whether the qualified audit opinion can be removed in the next financial year purely based on the latest action plan. Further assessment of going concern basis in relation to the Group's liquidity situation for removing the qualified audit opinion for the year ending 31 March 2022 would be required.

(d) Details of overdue notes as at 31 March 2021

As set out in the 2021 Annual Results and the 2021 Annual Report, the Group recorded notes payable of approximately HK\$76.6 million as at 31 March 2021, where note payable of HK\$54.0 million has been due with reference to the terms and repayment schedule of the relevant agreement.

As at 31 March 2021, the total principal of overdue note amounted to HK\$54.0 million. Such overdue note as at 31 March 2021 was in relation to the outstanding payment to a noteholder (the "**Noteholder**"), Wan Tai Investments Limited, an indirectly wholly-owned special purpose vehicle of CCB International (Holdings) Limited. A statutory demand was issued to the Company on 7 August 2020 in relation to the outstanding payment to the Noteholder. The particulars of the overdue note as at 31 March 2021 are as follows:

Original principal amount of the note	:	HK\$80,000,000
Overdue principal amount of the note	:	HK\$54,000,000
Interest accrued (including default interest) as at		
31 March 2021	:	HK\$27,865,000
Due date of the note	:	16 November 2019

The above additional information does not affect other information contained in the 2021 Annual Results and the 2021 Annual Report and save as disclosed above, all other information in the 2021 Annual Results and 2021 Annual Report remains unchanged.

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

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

Hong Kong, 19 August 2021

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