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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
FURTHER ACQUISITION OF 13.20% EQUITY INTEREST IN
AN ASSOCIATED COMPANY

On 19 March 2018, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire 13.20% interest in SCML at a consideration of HK\$23.8 million.

As at the date of this announcement, the Purchaser was interested in approximately 49.84% of the issued shares of SCML. Upon completion of the Acquisition, the Purchaser will be interested in approximately 63.04% of the issued shares of SCML and SCML will become an indirect non-wholly owned subsidiary of the Company.

As the applicable percentage ratios (as defined in the Listing Rules) for the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.22 of the Listing Rules, the 2017 Acquisition and the Acquisition will be aggregated as these transactions involve the acquisition of shares in SCML and are completed within a 12-month period. The 2017 Acquisition and the Acquisition, when aggregated, remain a discloseable transaction under Chapter 14 of the Listing Rules as the applicable percentage ratios exceed 5% but are less than 25%.

Reference is made to the voluntary announcement of the Company dated 23 May 2017 in relation to the 2017 Acquisition (“**2017 Announcement**”).

On 19 March 2018, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire 13.20% interest in SCML at a consideration of HK\$23.8 million. As at the date of this announcement, the Purchaser was interested in 49.84% of the issued shares of SCML. Upon completion of the Acquisition, the Purchaser will be interested in 63.04% of the issued shares of SCML and SCML will become an indirect non-wholly owned subsidiary of the Company.

The principal terms of the Sale and Purchase Agreement are set out below.

Date

19 March 2018

Parties

1. Synergy Worldwide, as the purchaser; and
2. Gain Best Group Limited, as the vendor.

The Vendor is a company incorporated under the laws of British Virgin Islands with limited liability and is an investment holding company. The Vendor is interested in approximately 13.20% interest in SCML as at the date of this announcement. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and their respective ultimate beneficial owners (if applicable) are Independent Third Parties (except for being a shareholder of SCML).

Subject Matter

Pursuant to the Sale and Purchase Agreement, the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Shares held by the Vendor. Upon completion of the Acquisition, the Vendor will cease to be a shareholder in SCML.

Conditions precedent

Completion of the Acquisition shall be conditional upon all the following conditions being fulfilled:

- (a) (where applicable) the compliance by the Company of (or, as the case may be, obtaining of waiver from) any requirement under the Listing Rules as may be applicable (including without limitation the approval of the Shareholders in general meeting being obtained, if required) in connection with the Sale and Purchase Agreement and the transactions contemplated thereby;
- (b) the board of Directors approving and authorising the execution and completion of the Sale and Purchase Agreement;
- (c) none of the warranties as stated in the Sale and Purchase Agreement having been breached in any material respect (or, if capable of being remedied, has not been remedied), or is misleading or untrue in any material respect;
- (d) if required, all approvals, consents, authorisations and licences (so far as are necessary or required under laws, codes, regulations, the Listing Rules or otherwise) in relation to the transactions contemplated under the Sale and Purchase Agreement having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such provisions being obtained from the relevant authority (including without limitation the Stock Exchange); and

- (e) the Purchaser being satisfied that, as at the completion of the Acquisition, there has not been any material adverse change (as defined in the Sale and Purchase Agreement) in respect of any member of the Group since the date of the Sale and Purchase Agreement.

The Purchaser may waive conditions precedent (c) and (e) set out above. For the avoidance of doubt, all other conditions as set out above may not be waived by any of the parties to the Sale and Purchase Agreement.

If any of the conditions precedent is not fulfilled or, as the case may be, waived by the Purchaser on the Long Stop Date, the obligations of the parties to the Sale and Purchase Agreement shall cease and determine (save and except the clauses in relation to confidentiality which shall continue to have full force and effect) and neither party to the Sale and Purchase Agreement shall have any claim under the Sale and Purchase Agreement against the other save in respect of any antecedent breaches of the Sale and Purchase Agreement.

Consideration

The consideration for the Acquisition was approximately HK\$23.8 million, which was determined based on normal commercial terms and after arm's length negotiations between the parties and reference were also made to the amount of the consideration for the 2017 Acquisition.

Completion

Completion of the Acquisition shall take place on the 2nd Business Day falling on the date of all the conditions precedent are fulfilled.

INFORMATION OF SCML

The SCML group mainly engages in energy saving air-conditioning and cooling management businesses in Hong Kong and Malaysia.

According to the unaudited consolidated financial statement of SCML, the financial results of SCML for the two years ended 31 March 2016 and 2017 are as follows:

	For the year ended	
	31 March	
	2016	2017
	HK\$'000	HK\$'000
Revenue	9,616	10,162
Loss before and after tax	13,257	13,959

REASONS FOR THE ACQUISITION

The Directors are confident on the future prospect of SCML and believe that the Acquisition could further strengthen the Group's market positioning to be a one-stop energy saving solutions provider due to the sharing of customer base of the SCML group and the Group, and the synergy created between the lighting business carried out by the Group and the cooling business carried out by SCML group.

As stated in the 2017 Announcement, it is expected that SCML would continue to expand into the PRC and Malaysia market in the near future. As at the date of the 2017 Announcement, SCML was in an advanced stage of negotiation in relation to provision of energy saving services to Malaysia government hospitals; and (ii) SCML, together with the Group, were in negotiation with an enterprise ("**Potential PRC Customer**") established in the PRC which was held by state-owned telecommunications enterprises in the PRC in relation to the provision of energy saving services.

During the course of negotiation with the Malaysia government hospitals in relation to provision of energy saving services as stated above, SCML also extended its scope of negotiation to the Malaysia government clinics for the provision of energy saving services. As at the date of this announcement, SCML has entered into the contracting stage with both the Malaysia government hospitals and clinics in relation to the provision of energy saving services. On the other hand, SCML, together with the Group, had commenced the supply of energy saving equipment in small sizes and scales to a subsidiary of the Potential PRC Customer for trial and testing purposes since early 2018 and the Directors believe that definitive agreements for the provision of energy saving services would be entered into between SCML and the Potential PRC Customer should the Potential PRC Customer is satisfied with our provision services.

Considering the growth potential and business outlook of the SCML group, and the benefits which can be brought about by the Acquisition, the Directors agreed to proceed with the Acquisition when opportunity arose for acquiring further interest in SCML.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined in the Listing Rules) for the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.22 of the Listing Rules, the 2017 Acquisition and the Acquisition will be aggregated as these transactions involve the acquisition of shares in SCML and are completed within a 12-month period. The 2017 Acquisition and the Acquisition, when aggregated, remain a discloseable transaction under Chapter 14 of the Listing Rules as the applicable percentage ratios exceed 5% but are less than 25%.

DEFINITIONS

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

“2017 Acquisition”	the acquisition of 13.25% interest in SCML by Synergy Worldwide from two other shareholders of SCML in May 2017
“Acquisition”	the acquisition of the Sale Shares by Synergy Worldwide from the Vendor pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day”	any day (other than Saturday) on which banks in Hong Kong are generally open for business
“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
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	individual(s) or company(ies) which is/are 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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Long Stop Date”	31 March 2018
“PRC”	the People’s Republic of China
“Sale and Purchase Agreement”	the sale and purchase agreement dated 19 March 2018 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Sale Shares”	2,429 shares in SCML, accounting for approximately 13.20% of the issued shares of SCML as at the date of this announcement
“SCML”	Synergy Cooling Management Limited, a company incorporated in the British Virgin Islands

“SFC”	the Securities and Futures Commission of Hong Kong
“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 Worldwide” or “Purchaser”	Synergy Group Worldwide Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company and is interested in 49.84% of the issued shares of SCML as at the date of this announcement
“Vendor”	Gain Best Group Limited, a company incorporated under the laws of British Virgin Islands with limited liability and is interested in 13.20% of the issued shares of SCML as at the date of this announcement
%	per cent.

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

Hong Kong, 19 March 2018

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.