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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)

VOLUNTARY ANNOUNCEMENT
IN RELATION TO THE ACQUISITION OF
23.6% EQUITY INTEREST IN THE TARGET COMPANY

This announcement is made by Synergy Group Holdings International Limited on a voluntary basis to inform the Shareholders and its potential investors of the latest business development of the Group.

SUBSCRIPTION AGREEMENT

On 2 March 2018, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Subscription Agreement with, among others, the Target Company and its shareholders pursuant to which the Purchaser has conditionally agreed to subscribe for the Subscription Shares in the Target Company at the consideration of US\$3,200,000.

On 7 March 2018, the conditions set out in the Subscription Agreement have been fulfilled and the Subscription Shares were allotted and issued to the Purchaser pursuant to the terms of the Subscription Agreement; and US\$1,600,000, being half of the subscription monies, have been paid by the Purchaser in accordance with the terms of the Subscription Agreement. Pursuant to the terms of the Subscription Agreement, balance of the consideration (i.e. US\$1,600,000) is payable only upon the fulfilment of certain conditions precedent as provided in the Subscription Agreement, including but not limited to the completion of the due diligence on, among others, the business operation and assets of the Target Group and the achievement of a number of milestones in relation to the production and operation of the Target Group.

As at the date of this announcement, the Purchaser owns approximately 23.6% of the issued shares of the Target Company.

INFORMATION ABOUT THE TARGET GROUP

Hongyuan is a limited liability company established in the PRC and is wholly owned by Guzhang. Invinity HK, a wholly-owned subsidiary of the Target Company, has 70% of the equity interest in Guzhang as at the date of this announcement. Hongyuan and Guzhang is principally engaged in the exploration and mining of vanadium-containing stone coals, mineral processing, production and sale of vanadium-related products including V₂O₅, vanadium alloys and other metallurgical products in the PRC.

Invinity HK is a limited liability company incorporated in Hong Kong and is principally engaged in investing in vanadium mining and processing assets including exploration, development, mining and extraction of vanadium as well as production and financing of various vanadium products and battery-grade vanadium electrolyte to support the VFBs energy storage industry.

The Target Company is an investment holding company incorporated in the British Virgin Islands.

INFORMATION ABOUT OUR GROUP

The Purchaser 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 (i) energy efficiency technology; (ii) renewable energy; and (iii) energy storage and distributed energy resources.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

Besides the persistent pursuit of expansion in the Group's existing energy saving business to new markets and broadening of its customer base, the Company actively explores potential business opportunities and seeks diversified investment to increase its scale and maximise the return to its Shareholders.

The Subscription increases the Group's exposure to vanadium and the associated VFB market. It is expected that a sustained structural deficiency of this commodity and a significant increase in the demand of energy storage will be seen in the near future. According to the market data on vanadium, the price of vanadium has surged over 130% in 2017, outperforming other battery metals such as lithium and cobalt, and the 98%V₂O₅ price continued to stay at a high price of approximately US\$13 - 16 /pound (i.e. approximately RMB183,000 - 225,000 /tonne) in the past three months.

The Target Group owns a stone coal mine covering area of approximately 0.98727 km² located in Hunan Province, the PRC and the relevant mining licence of the production scale of 100,000 tonnes per year. According to the Examination of Mineral Resources and Reserves Report (礦產資源儲量評審報告) prepared by geological team under the state bureau, it is estimated that the mine contains vanadium-containing stone coal of 30,126,900 tonnes with V₂O₅ at a general grade in the range of 1.1% to 1.63%, which is of a relatively high grade as compared to other stone coal mines in China. A detailed exploration will be further carried out by a competent team to verify the mine reserves. The Target Group also possesses the capability to mine, extract and process the minerals in its facility to produce the final vanadium product, which can be sold as an additive for the steel industry. The PRC, which is one of the major markets for vanadium consumption, has a potential strong demand for vanadium owing to the new rebar standard and new import ban on vanadium slags. It is predicted that these new policies in China may cause an estimated deficient supply of over 12,500 tonnes per year, which is approximately 16% of the estimated worldwide production in 2017. On the other hand, the growing demand in energy storage due to intermittency of the renewable energy, grid frequency regulation, ability in peak shaving and demand charge reduction, together with global policy support, will also substantially increase the demand in vanadium, which is an important material for the production of VFBs. Based on the data from a global energy storage market database, the installed capacity of VFBs including those announced contracts and contracts under construction has increased significantly in 2016 and 2017 with approximately over 400% growth as compared to 2015. The Target Group is in the progress of developing a new purification process for high-grade electrolyte (99.96%V₂O₅) at lower production cost which in turn greatly reduces the cost of VFBs.

The Directors believe that vanadium is a commodity with a robust and growing demand, considering the constrained and concentrated supply of vanadium with no anticipated significant new supply in the near future. With the support of a nearby vanadium resource base, the production facility of the Target Group will start with the production capacity of 3,000 tonnes per year of vanadium pentoxide production subject to equipment installation.

The Target Company's major partners include Brantingham & Carroll International Limited ("BCI"), a leading US solar and energy storage engineering and financial modelling company ("US Engineering Firm"), and a leading US vanadium flow battery firm ("US Energy Storage Firm"). BCI is an industrial, engineering, manufacturing and supply chain solutions provider to both light and heavy industries, with a unique expertise in renewable energy and energy storage manufacturing. It has delivered over 12 GWs of renewable energy systems equipment systems as at the date of this announcement. The US Engineering Firm specialises in the financial and technical evaluation of clean energy technology and projects. The US Energy Storage Firm owns a number of patents in the core battery technology areas, most notably in the cell stack design for flow batteries. The firm currently supplies batteries to large Chinese state-owned enterprises as well as several Fortune 500 companies in the US. Together with the support of its partners, the Subscription allows the Group's access to the technical expertise, experience and knowledge in vanadium mining operations as well as the development of a unique skill set in electrolyte making, which creates an integrated vertical supply chain from vanadium reserves mining to the production of final product with secured customer base, optimising the efficiency and cost to create a price-competitive VFB and establish a strong position in the energy storage market.

The Subscription is aligned with the Company's aspirations in the global energy storage market and conducive to the Company's prospective strategic layout by providing capacity for potential electrolyte manufacturing. The development of vanadium mining business also conforms with the national policy orientation in both the steel and vanadium flow battery industry. In light of the above, the Directors are confident in the future prospect of the Target Group and believe that the Subscription could further strengthen and expand the Group's business value and strategy.

DEFINITIONS

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

"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
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries from time to time

“Guzhang”	Gu Zhang County Vanadium Industry Company Limited (古丈縣宏源釩業有限責任公司), a limited liability company established in the PRC and is owned by Invinity HK as to 70%
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hongyuan”	Hunan Hongyuan New Energy Technology Company Limited (湖南宏源新能源科技有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of Guzhang
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Invinity HK”	Invinity Energy Limited, a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of the Target Company
“PRC”	the People’s Republic of China
“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
“Subscription”	the subscription of the Subscription Shares pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 2 March 2018 entered into between, among others, the Purchaser, the Target Company and the shareholders of the Target Company
“Subscription Shares”	2,400 shares in the Target Company, accounting for approximately 23.6% of the issued shares of the Target Company as at the date of this announcement, of which half of the shares (i.e. 1,200 shares) were fully paid and half of the shares (i.e. 1,200 shares) was nil-paid
“Synergy Worldwide” or “Purchaser”	Synergy Group Worldwide Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Target Company”	Invinity Energy Group Limited, a limited liability company incorporated in the British Virgin Islands
“Target Group”	collectively, the Target Company, Invinity HK, Guzhang and Hongyuan

“US”	the United States of America
“US\$”	United States dollars, the lawful currency of the United States of America
“V ₂ O ₅ ”	vanadium pentoxide, an inorganic compound which is used in making electrolyte for VFBs
“VFB(s)”	vanadium flow batteries, a type of rechargeable flow battery utilising the nature of different oxidation states of vanadium ions dissolved in the electrolyte to store chemical energy and generate electricity by a redox reaction
“98%V ₂ O ₅ ”	vanadium pentoxide that has a 98% purity
“99.96%V ₂ O ₅ ”	vanadium pentoxide that has a 99.96% purity
“%”	per cent.
“GW(s)”	Gigawatt
“km ² ”	kilometre square

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

Hong Kong, 4 May 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.