

**SYNERGY GROUP HOLDINGS INTERNATIONAL LTD:
IT WOULD BE INTERESTING TO LEARN OF
MANAGEMENT'S HIDDEN AGENDA**

The cash-raising exercise of Synergy Group Holdings International Ltd () (Code: 8105) by the Placing of 85 million, one-cent, New Shares on The Growth Enterprise Market [The **GEM**] of The Stock Exchange of Hongkong Ltd, is one of the smallest GEM Listings, seen in many a moon.

Management is intent on flogging these 85 million, Share Placements at the Indicative Placing Price Per Share between 50 cents and 70 cents.

At the midpoint of the Indicative Placing Price Per Share, being 60 cents, Management estimates that is will net about \$HK14.70 million – only!

The cost, with regard to this Company, obtaining a GEM listing, is about \$HK36.30 million, the Placing Prospectus states at Page 231.

This means, quite definitively, that Management will be forced to log in a deficit of about \$HK21.60 million in respect of this exercise.

This **TARGET** () induction raises the question as to the real intent of senior management of Synergy Group in taking, what must have been in excess of 12 months in preparing the necessary documentation, required to be submitted to the relevant parties in order to obtain a GEM Listing, and, in the process, spending that not immaterial sum of money of \$HK36.30 million in order to be able to don the purple of a publicly listed company on the secondary equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

Actually, the Placing Prospectus seeks to Place a total of 125 million Shares, of which number, 40 million Shares are those, being Placed by four existing shareholders of Synergy Group.

The names of these four existing shareholders are given at Appendix IV-23 of the Placing Prospectus:

<u>Name of Existing Shareholder</u>	<u>Number of Shares to be Placed</u>
Mr Thomas Cheung Tsun Yung ()	7.50 million
Mr Chow Tze Wah ()	10.00 million
Mr Sun Jian Ji ()	12.50 million
Mr Tong Chi Fung ()	<u>10.00 million</u>
TOTAL:	<u>40.00 MILLION</u>

The above-mentioned, Selling Shareholders are all said to be '*Merchants*' and, these four gentlemen will gross about \$HK16 million, to be shared, proportionally to their equity holdings, put up for sale.

The Net Proceeds from the Placing of the Company's 85 million, New Shares at 60 cents per pop will be utilised, according to Page 167 of the Placing Prospectus, as follows:

1. Approximately, 30 percent, that is about \$HK4.40 million, '*for expansion of our Group's business in international markets*';
2. Approximately, 10 percent, that is about \$HK1.40 million, '*for expansion of our Group's business in the PRC*';
3. Approximately, 20 percent, that is about \$HK3.00 million, '*for expansion of our Group's business in Hong Kong*';
4. Approximately, 20 percent, that is about \$HK3.00 million, '*for the marketing activities to enhance our brand image and recognition*';
5. Approximately, 15 percent, that is about \$HK2.20 million, '*for enhancing our research and development capabilities*'; and,
6. Approximately, \$HK700,000, that is about five percent, '*to provide funding for our working capital and other general corporate purposes*'.

The Business of Synergy Group

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