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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)

PLACING OF BONDS

Placing Agent

HORAY 好盈

This announcement is made pursuant to the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Listing Rules.

On 18 November 2019 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Placing Agent has conditionally agreed to procure, on a best effort basis, independent Placees to subscribe in cash for the Bonds in an aggregate principal amount of up to HK\$60,000,000 during the Placing Period.

The Bonds will be placed in denomination of HK\$2,000,000 each in the minimum (or for any amount over HK\$2,000,000, in integral multiples of HK\$2,000,000 each).

Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

This announcement is made pursuant to the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Listing Rules.

THE PLACING AGREEMENT

On 18 November 2019 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure, on a best effort basis, independent Placees to subscribe in cash for the Bonds in an aggregate principal amount of up to HK\$60,000,000 during the Placing Period. The principal terms of the Placing Agreement are summarised as follows:

Date : 18 November 2019 (after trading hours)

Issuer : The Company

Placing Agent : The Placing Agent

To the best of the Director's knowledge, information and belief after having made all reasonable enquiries, as at the date of this announcement, the Placing Agent is an independent third party and is not a connected person (as defined under the Listing Rules) of the Company.

Placees : The Bonds will be placed to Placees who shall be independent professionals, corporations or private investors and are independent third parties of the Company and are not connected persons (as defined in the Listing Rules) of the Company.

Aggregate Principal Amount : Up to HK\$60,000,000

Issue Price : 100% of the principal amount of the Bonds

Placing Period : The period commencing from 18 November 2019 and ending on 17 May 2020 or such other period as agreed between the Company and the Placing Agent in writing.

Placing Commission : The Company shall, on each of the Completion Dates, pay to the Placing Agent in respect of the Placing a placing commission at 1% of the aggregate principal amount of the Bonds successfully placed by the Placing Agent in accordance with the Placing Agreement.

The placing commission was determined after arm's length negotiation between the Company and the Placing Agent by reference to the size, the current and expected market condition and the time allowed for the Placing Agent to procure Places for the Placing. The Directors are of the view that the placing commission payable for the Placing is fair and reasonable.

Completion : Completion is subject to the termination rights of the Placing Agent under the Placing Agreement and shall take place within three (3) Business Days upon the serving of a completion notice by the Placing Agent to the Company at the head office and principal place of business of the Company in Hong Kong at 4:00 p.m. on the Completion Date. The completion notice shall:

- (i) require the issue of Bonds of an aggregate principal amount of not less than HK\$2,000,000 or integral multiples thereof; and
- (ii) state the names, addresses and relevant identification number of the registered holder(s) of the relevant Bonds.

Conditions precedent to the Placing Agreement

The Placing Agreement is not subject to any conditions precedent.

Termination Rights of the Placing Agent

The Placing Agent may, by notice to the Company given at any time prior to the expiry date of the Placing Period, terminate the Placing Agreement in the absolute opinion of the Placing Agent when the success of the Placing contemplated thereunder would be materially and adversely affected by:

- (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Placing; or
- (ii) the occurrence of any local, national or international event or change of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and makes it inexpedient or inadvisable to proceed with the Placing; or
- (iii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Placing Agent is likely to materially or adversely affect the success of the Placing or otherwise makes it inexpedient or inadvisable to proceed with the Placing; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (v) the imposition of any moratorium, suspension or material restriction on trading in securities of the Company on the Stock Exchange occurring due to exceptional financial circumstances; or

- (vi) any material breach of any of the warranties given by the Company in the Placing Agreement and/or the terms of the Placing Agreement that has come to the knowledge of the Placing Agent; or
- (vii) any change or development in the business operation of the Company which shall or might materially and adversely affect the interest of the Group or its present or prospective shareholders in their capacity as such.

In the event that the Placing Agent terminates the Placing Agreement due to the occurrence of any of the aforesaid events by serving a notice to the Company at any time prior to the expiry date of the Placing Period in accordance with the Placing Agreement, the obligations of the Company and the Placing Agent under the Placing Agreement shall terminate forthwith and no party to the Placing Agreement shall have any claims against the other party for costs, damages, compensation or otherwise save for any antecedent breaches.

PRINCIPAL TERMS OF THE BONDS

The principal terms of the Bonds are summarised as follows:

Aggregate Principal Amount	:	Up to HK\$60,000,000
Denomination	:	In denomination of HK\$2,000,000 each in the minimum (or for any amount over HK\$2,000,000, in integral multiples of HK\$2,000,000 each).
Interest	:	10% per annum, accrued daily on a 365-day basis and payable annually in arrears, up to the maturity date of the relevant Bonds.
Maturity Date	:	On the 2nd anniversary of the date of issue of the relevant Bond.

- Early Redemption : The Company may at any time after the first anniversary of the date of issue of the relevant Bonds and before the maturity date and from time to time by giving at least ten (10) days' prior written notice to the Bondholder with the total amount proposed to be redeemed from the Bondholder specified therein, redeem the Bonds (in whole or in part) at 100% of the total amount of such Bonds together with payment of interests accrued up to the date of such early redemption in denomination in integral multiples of HK\$2,000,000 each.
- Event of Default : If any of the events of default as described in the terms and conditions of the Bonds occurs, a Bondholder may give notice in writing to the Company that the principal amount of the Bonds then outstanding has, on the giving of such notice, become immediately due and payable, whereupon the outstanding principal amount of the Bonds shall then become immediately due and payable.
- Status of Bonds : The Bonds will constitute direct, unconditional, unsubordinated and unsecured contractual obligations of the Company which shall at all times rank pari passu and without any preference among themselves and at all times rank at least pari passu with all other present and future unsecured and unsubordinated obligations of the Company.
- Transferability : The Bonds may be transferred in the amount of HK\$2,000,000 or integral multiples thereof to any person. Save with the consent of the Hong Kong Stock Exchange, the Bonds may not be transferred to any connected person (as defined under the Listing Rules) of the Company.
- Listing : No application will be made for the listing of the Bonds on the Stock Exchange or any other stock exchange.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is a leading integrated energy saving and management solutions and technologies provider headquartered in Hong Kong with presences in the PRC, Malaysia, Indonesia, and South Africa. The Group is principally engaged in design and customisation, implementation, investment, and commissioning of energy efficiency technology and reducing carbon emission, and has investment in (i) renewable energy with photovoltaic; and (ii) energy storage in distributed energy resources. The Group also has an indirect interest in a company in Hunan, the PRC, owning approximately 34,468 tons of Vanadium Pentoxide (V_2O_5) in reserve and a constructing processing facility with annual production of 3,000 tons of V_2O_5 , engaging in the mining, processing and sales of 98% V_2O_5 and 99.75% or above purified V_2O_5 electrolyte for Vanadium Flow Battery (“VFB”) which is regarded as an advanced industrial energy storage product. Besides, the Group also owns majority indirect interest in Negawatt Utility Limited (“NU”) which was founded by a former professor who has taught at the Hong Kong Polytechnic University for more than 20 years. NU has a cloud-based platform using artificial intelligence to apply analytics on big data to optimise, computerise, and calibrate remotely to achieve energy saving in real time and streamline the best practice process for property management services and facilitation for labor resources reduction.

Assuming the Bonds are placed in full, the maximum gross proceeds from the Placing will be up to HK\$60,000,000. The maximum net proceeds from the Placing (after deducting the placing commission and other related costs and expenses) are estimated to be approximately HK\$59,370,000. The net proceeds from the issue of the Bonds will be utilised as the general working capital of the Group.

The Board considers the Placing along with the terms therein are in the best interests of the Company and its shareholders as a whole in view of the prevailing financing cost of the Group incurred.

Completion is subject to, among others, the Placing Agent’s rights of termination of the Placing under the Placing Agreement. Accordingly, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“Bond(s)”	10% coupon unlisted bonds to be issued by the Company in an aggregate principal amount of up to HK\$60,000,000 due on the 2nd anniversary of the respective dates of issue of the Bonds
“Bondholder(s)”	the holder(s) of the Bonds
“Business Day(s)”	any day (excluding Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“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
“Completion”	the completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Completion Date(s)”	in respect of each Placee, within three (3) Business Days upon the serving by the Placing Agent a completion notice to the Company for the completion of the relevant part of the Bonds on any Business Day during the Placing Period (or such other date(s) as the Company and the Placing Agent may agree in writing at which Completion shall take place)
“Director(s)”	director(s) of the Board
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any independent professionals, corporations or private investor(s) procured by the Placing Agent to subscribe for any of the Bonds pursuant to the Placing Agreement
“Placing”	the placing of the Bonds by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	Hooray Securities Limited, a corporation licensed to carry out type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 18 November 2019 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Period”	the period commencing from 18 November 2019 and ending on 17 May 2020 or such other period as agreed between the Company and the Placing Agent in writing
“PRC”	The People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued capital of the Company or if there has been a subsequent subdivision, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares(s)

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

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, 18 November 2019

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.