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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)

TERMINATION OF THE PREVIOUS PLACING AGREEMENT AND PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



潮商證券有限公司
ChaoShang Securities Limited

TERMINATION OF THE PREVIOUS PLACING AGREEMENT

Reference is made to the announcements of the Company dated 14 August 2020 and 17 August 2020 in relation to the Previous Placing Agreement for the placing of new Shares under the General Mandate. Due to commercial consideration and upon further negotiation between the Company and the Previous Placing Agent, the Company and the Previous Placing Agent entered into a termination agreement on 21 August 2020 (after trading hours), pursuant to which the Previous Placing Agreement shall be terminated and shall cease to have any force or effect with effect from 21 August 2020, and neither party shall have any claim against the other party in respect of the Previous Placing Agreement save for any antecedent breach.

THE PLACING

On 21 August 2020 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure, on a best efforts basis, not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 110,000,000 Placing Shares at the Placing Price of HK\$0.166 per Placing Share.

The maximum number of 110,000,000 Placing Shares represents:

- (a) 20.0% of the existing issued share capital of the Company as at the date of this announcement; and
- (b) approximately 16.7% of the issued share capital of the Company as enlarged by the allotment and issue of the maximum number of Placing Shares (assuming no further change in the share capital of the Company prior to Placing Completion).

The Placing Price of HK\$0.166 per Placing Share represents:

- (a) a discount of approximately 14.9% to the closing price of HK\$0.195 per Share as quoted on the Stock Exchange on 21 August 2020, being the date of the Placing Agreement; and
- (b) a discount of approximately 19.7% to the average closing price of HK\$0.2066 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The Placing Shares will be allotted and issued pursuant to the General Mandate and is not subject to further Shareholders' approval. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$18.3 million. The net proceeds, after deduction of all relevant expenses (including the placing commission and legal expenses) incidental to the Placing of approximately HK\$0.7 million, are estimated to be approximately HK\$17.6 million.

Placing Completion is subject to the satisfaction of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

TERMINATION OF THE PREVIOUS PLACING AGREEMENT

Reference is made to the announcements of the Company dated 14 August 2020 and 17 August 2020 in relation to the Previous Placing Agreement for the placing of new Shares under the General Mandate. Due to commercial consideration and upon further negotiation between the Company and the Previous Placing Agent, the Company and the Previous Placing Agent entered into a termination agreement on 21 August 2020 (after trading hours), pursuant to which the Previous Placing Agreement shall be terminated and shall cease to have any force or effect with effect from 21 August 2020, and neither party shall have any claim against the other party in respect of the Previous Placing Agreement save for any antecedent breach.

The Directors consider that the termination of the Previous Placing Agreement would have no material adverse effect on the business operation and financial position of the Group.

PLACING AGREEMENT

Date

21 August 2020 (after trading hours)

Parties

Issuer : The Company

Placing Agent : ChaoShang Securities Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Pursuant to the terms of the Placing Agreement, the Placing Agent will receive a placing commission of 3% on the amount equal to the Placing Price multiplied by the number of Placing Shares successfully placed by the Placing Agent. The placing commission in respect of the Placing was negotiated on arm's length basis between the Company and the Placing Agent and was determined with reference to, among other things, the prevailing commission rate charged by other placing agents and the price performance of the Shares.

The Directors consider that the placing commission in respect of the Placing are fair and reasonable based on the current market conditions.

Placees

The Placing Shares will be placed on a best effort basis, to not less than six Placees. The Placing Agent will also use its reasonable endeavours to ensure that the Placees and their respective ultimate beneficial owners will be Independent Third Parties, and that none of the Placees will, immediately upon Placing Completion, become a substantial shareholder (as defined in the Listing Rules) of the Company.

Placing Shares

The maximum number of 110,000,000 Placing Shares represents:

- (a) 20.0% of the existing issued share capital of the Company as at the date of this announcement; and
- (b) approximately 16.7% of the issued share capital of the Company as enlarged by the allotment and issue of the maximum number of Placing Shares (assuming no further change in the share capital of the Company prior to Placing Completion).

The aggregate nominal value of the maximum of 110,000,000 Placing Shares is HK\$1,100,000.

The Placing Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.166 per Placing Share represents:

- (a) a discount of approximately 14.9% to the closing price of HK\$0.195 per Share as quoted on the Stock Exchange on 21 August 2020, being the date of the Placing Agreement; and
- (b) a discount of approximately 19.7% to the average closing price of HK\$0.2066 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

After deduction of relevant expenses of the Placing, the net placing price per Placing Share is approximately HK\$0.160.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price and the recent trading performance of the Shares. The Directors consider that the Placing Price and the terms and conditions of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions of the Placing

The Placing is conditional upon the following conditions being fulfilled:

- (i) the Placing Agreement not having been terminated in accordance with its terms prior to Placing Completion; and
- (ii) the granting by the Listing Committee of, and permission to deal in, all of the Placing Shares and other approval as may be required for the Placing by the Long Stop Date.

If condition (ii) above is not fulfilled in accordance with the terms and conditions of the Placing Agreement, all obligations of the Placing Agent and of the Company thereto shall cease and determine and none of the parties shall have any claim against the other in relation thereto save in respect of any antecedent breach of any obligation under the Placing Agreement.

Placing Completion

Placing Completion shall take place on a business date falling on the fourth Business Day after the day on which all the conditions set out in the Placing Agreement have been fulfilled or such other date as the Company and the Placing Agent may agree in writing.

Termination

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the date of Placing Completion if:

- (1) the success of the Placing would be materially and adversely affected by any force majeure events (as defined below). For this purpose, a “force majeure event” refers to:
 - (a) the introduction of any new laws or regulations or any change in existing laws or regulations (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

- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances 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 adversely prejudices the success of the Placing of the Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
 - (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.
- (2) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
 - (3) any statement contained in the announcements, circulars, interim and annual reports issued by the Company to the Stock Exchange and/or the shareholders of the Company since the publication of the announcement of the Company relating to the annual results of the Company for the year ended 31 March 2020 has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing.

The Company may, in its reasonable opinion, after consultation with the Placing Agent, terminate the Placing Agreement by notice in writing to the Placing Agent at any time up to 8:00 a.m. on the date of Placing Completion if there is a breach of the warranties, representations and undertakings given by the Placing Agent in the Placing Agreement and such breach is considered by the Company on reasonable grounds to be material.

Upon termination of the Placing Agreement pursuant to the above, all liabilities of the parties thereto hereunder shall cease and determine and no party thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breach of any obligation under the Placing Agreement.

APPLICATION FOR LISTING

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

GENERAL MANDATE TO ISSUE THE PLACING SHARES

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors pursuant to the resolution of the Shareholders passed at the AGM. The number of Shares which could be issued and allotted under the General Mandate is 110,000,000 Shares as at the date hereof. As such, the current General Mandate is sufficient for the issue and allotment of the Placing Shares. No separate approval of Shareholders is required for the Placing. As at the date of this announcement, no Share has been issued pursuant to the General Mandate.

REASONS FOR THE PLACING

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 the provision of leasing services of energy saving systems, consultancy service and artificial intelligence technology services, and trading of energy saving products.

The Directors consider the Placing offers a good opportunity for the Group to raise further capital and broaden the shareholders base of the Company thereby increasing the liquidity of the Shares as well as to strengthen the financial position of the Group.

The estimated net proceeds under the Placing Agreement (i.e. approximately HK\$17.6 million) is higher than the net proceeds which would arise from the Previous Placing Agreement (i.e. approximately HK\$14.4 million as set out in the announcement of the Company dated 17 August 2020) which has been terminated with effect from 21 August 2020.

The Directors consider the terms of the Placing Agreement are on normal commercial terms and are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

Assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$18.3 million. The net proceeds, after deduction of all relevant expenses (including the placing commission and legal expenses) incidental to the Placing of approximately HK\$0.7 million, are estimated to be approximately HK\$17.6 million.

The Company intends to use the net proceeds raised from the Placing for repayment of its borrowings.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as the Previous Placing Agreement which was entered into between the Company and the Previous Placing Agent and was terminated with effect from the date of this announcement, the Company has not conducted any issue of equity securities in the past twelve months immediately before the date of this announcement.

Please refer to the announcements of the Company published on 14 August 2020 and 17 August 2020 for details in relation to the Previous Placing Agreement.

EFFECT OF THE PLACING ON SHAREHOLDING STRUCTURE

Assuming no new Shares are issued before Placing Completion, the shareholding structure of the Company as at the date of this announcement and immediately after the issue of all Placing Shares are as follows:

Name of the Shareholder	Shareholding as at the date of this announcement		Shareholding immediately after the issue of all Placing Shares	
	Number of shares held	Approximate shareholding percentage	Number of shares held	Approximate shareholding percentage
Abundance Development Limited (<i>note 1</i>)	53,249,204	9.68%	53,249,204	8.07%
Mr. Lam Arthur (<i>note 2</i>)	37,514,437	6.82%	37,514,437	5.68%
Mr. Cheung Yick Hung Jackie (<i>note 3</i>)	100,000	0.02%	100,000	0.01%
The Placees	–	–	110,000,000	16.67%
Other public Shareholders	459,136,359	83.48%	459,136,359	69.57%
Total	550,000,000	100.00%	660,000,000	100.00%

Notes:

1. Abundance Development Limited is wholly-owned by Mr. Wong Man Fai Mansfield, an executive Director.
2. Mr. Lam Arthur is an executive Director.
3. Mr. Cheung Yick Hung Jackie is an independent non-executive Director.

PUBLIC FLOAT

The Company will be able to comply with the public float requirement under the Listing Rules immediately after Placing Completion.

Placing Completion is subject to the satisfaction of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 16 September 2019
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or Sunday) 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
“Completion Date”	a day falling on the fourth Business Day after the date on which all the conditions set out in the Placing Agreement have fulfilled (or such other date as the Company and the Placing Agent may agree in writing) and on which completion of the Placing will take place
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate to issue shares granted to the Directors pursuant to the resolutions of the Shareholders passed at the AGM
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Long Stop Date”	4 September 2020 or such later date as the Company and the Placing Agent may agree in writing
“Placee(s)”	any professional, institutional or other investor(s) procured by the Placing Agent or its agent(s) to subscribe for any Placing Shares pursuant to the Placing Agreement
“Placing”	the placing, on a best efforts basis, of up to 110,000,000 Placing Shares on and subject to the terms and condition set out in the Placing Agreement
“Placing Agent”	ChaoShang Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 21 August 2020 and entered into between the Company and the Placing Agent in relation to the Placing

“Placing Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Placing Price”	HK\$0.166 per Placing Share (exclusive of any brokerage, SFC transaction levy and Stock Exchange trading fee as may be payable)
“Placing Shares”	a total of up to 110,000,000 new Shares to be placed pursuant to the Placing Agreement and to be issued under the General Mandate, each a “Placing Share”
“Previous Placing Agent”	Emperor Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) and type 4 regulated activity (advising on securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Previous Placing Agreement”	the conditional placing agreement dated 14 August 2020 entered into between the Company and the Previous Placing Agent (as supplemented by a supplemental placing agreement dated 17 August 2020 entered into between the Company and the Previous Placing Agent) in relation to the placing of a maximum of 110,000,000 new Shares under the General Mandate, details of which were set out in the announcements of the Company dated 14 August 2020 and 17 August 2020
“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

“%”

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, 21 August 2020

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.