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SYNERGIS HOLDINGS LIMITED

昇捷控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 02340)

PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

Placing Agents



On 24 October 2019 (after trading hours of the Stock Exchange), the Placing Agents and the Company entered into the Placing Agreement pursuant to which the Placing Agents conditionally agreed to procure, on a best efforts basis, currently expected to be not less than six Placees to subscribe for the Convertible Bonds in an aggregate principal amount of up to HK\$42 million.

Assuming the Convertible Bonds are fully placed and there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds, based on the initial Conversion Price of HK\$0.50 per Conversion Share, a maximum of 84,000,000 Conversion Shares will be allotted and issued by the Company under the General Mandate upon exercise in full of the conversion rights attaching to the Convertible Bonds, representing approximately 19.77% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.51% of the Company's then issued share capital as enlarged by the issue of the Conversion Shares.

The Conversion Price of HK\$0.50 per Conversion Share represents: (i) a premium of approximately 2.04% over the closing price of HK\$0.49 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a premium of approximately 4.17% over the average closing price of approximately HK\$0.48 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

Assuming the Convertible Bonds are fully placed by the Placing Agents and based on the commission of the Placing Agents in the amount of approximately HK\$1 million and other expenses, the maximum gross and net proceeds from the Placing are estimated to be HK\$42 million and approximately HK\$41 million, respectively (representing a net issue price of approximately HK\$0.49 per Conversion Share). It is expected that the net proceeds from the Placing will be used as general working capital of the Group.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions precedent set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

On 24 October 2019 (after trading hours of the Stock Exchange), the Placing Agents and the Company entered into the Placing Agreement pursuant to which the Placing Agents conditionally agreed to procure, on a best efforts basis, currently expected to be not less than six Placees to subscribe for the Convertible Bonds in an aggregate principal amount of up to HK\$42 million, the Conversion Price of which is HK\$0.50 per Conversion Share (subject to adjustments as prescribed in the Placing Agreement). The principal terms and conditions of the Placing Agreement and Convertible Bonds are set out below.

THE PLACING AGREEMENT

Date

24 October 2019 (after trading hours of the Stock Exchange)

Parties

Issuer: The Company

Placing Agents: Kingston Securities; and
VMS Securities

Placing Agents

Subject to the provisions of the Placing Agreement, the Company has agreed to appoint the Placing Agents, and the Placing Agents have conditionally agreed and undertaken to act as the joint placing agents to procure, on a best efforts basis during the Placing Period, currently expected to be not less than six Placees to subscribe for the Convertible Bonds at a subscription price equal to 100% of the principal amount of the Convertible Bonds (together with such Hong Kong stamp duty, the stock trading fee, transaction levy and investor compensation levy imposed by the SFC and brokerage commission as may be payable by the Placees, if any) in accordance with the provisions of the Placing Agreement. Each of Kingston Securities and VMS Securities has conditionally agreed to place the Convertible Bonds in the principal amount of up to HK\$21 million.

Kingston Securities and Kingston Corporate Finance are indirect wholly-owned subsidiaries of Kingston Group. Given that (i) Mrs. Chu is a common controlling shareholder of the Company and Kingston Group; (ii) Mrs. Chu is an executive director of Kingston Group; and (iii) Mr. Kingston Chu Chun Ho (“Mr. Chu”), an executive Director and Chairman of the Company, is the son of Mrs. Chu and an executive director of Kingston Group and Mr. Lau Man Tak (“Mr. Lau”), an independent non-executive Director of the Company and also an independent non-executive director of Kingston Group, both Mr. Chu and Mr. Lau are considered to be interested in the resolutions in respect of Kingston Securities acting as the Placing Agent and Kingston Corporate Finance acting as the documentation agent, Mr. Chu and Mr. Lau have abstained from voting on the resolutions at the Board meeting in respect of the appointment of Kingston Securities as the Placing Agent and Kingston Corporate Finance as the documentation agent for the Placing. Given that Mrs. Chu is a common controlling shareholder of the Company and Kingston Group, Kingston Securities and Kingston Corporate Finance are associates of the connected person of the Company under the Listing Rules and the services provided by Kingston Securities and Kingston Corporate Finance constitute connected transactions of the Company and Kingston Group.

In respect of the services provided and to be provided by Kingston Group (including Kingston Securities and Kingston Corporate Finance) in relation to the Placing, given that (i) the total fees payable by the Company to Kingston Group are less than 5% of the percentage ratio (as defined under Chapter 14 and Chapter 14A of the Listing Rules) (other than the profits ratio) and the total consideration is less than HK\$3.0 million; and (ii) the services provided by and to be provided by Kingston Group are on normal commercial terms, such transactions are fully exempt from reporting, announcement, circular and shareholders’ approval requirements under the Listing Rules.

To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, VMS Securities is an Independent Third Party.

Placees

The Placing Agents shall use their reasonable endeavours to ensure that all Placees and their respective ultimate beneficial owners (if any) shall be Independent Third Parties.

Conditions precedent

Completion of the Placing shall be conditional upon:

- (a) the Listing Committee of the Stock Exchange having granted and not having withdrawn or revoked the approval of listing of and permission to deal in all the Conversion Shares (which may fall to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds); and
- (b) all other necessary approvals, consents or authorizations of any kind of, from or by third parties and/or government or regulatory authorities (if any) including but not limited to the Stock Exchange and the SFC required under or in connection with the Placing having been obtained on terms satisfactory to the Placing Agents and remaining in full force and effect.

If the conditions precedent in respect of the Placing are not fulfilled by the fifteenth Business Day after the date of the Placing Agreement, i.e. 14 November 2019, (or such later date as the Company and the Placing Agents may agree in writing), the Placing Agreement shall thereupon lapse and become null and void and all obligations of the Placing Agent and of the Company under the Placing Agreement shall cease and determine and none of the Company and the Placing Agents shall have any claim against the other in relation thereto, save for any liability arising out of any antecedent breach of the Placing Agreement.

Termination of the Placing Agreement

If at any time on or prior to 8:00 a.m. on the date of completion of the Placing:

- (a) any introduction of 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 sole and absolute opinion of any of the Placing Agents 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
- (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 hereof) of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), 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 sole and absolute opinion of any of the Placing Agents materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing; or
- (c) 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 sole and absolute opinion of any of the Placing Agents 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
- (d) 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 which in the sole and absolute opinion of any of the Placing Agents 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
- (e) any material breach of any of the representations, warranties or undertakings given by the Company under the Placing Agreement comes to the knowledge of the Placing Agent which in the sole and absolute opinion of any of the Placing Agents is likely to materially or adversely affect the success of the Placing or otherwise makes it inexpedient or inadvisable to proceed with the Placing;

then and in any such case, the Placing Agents may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is given on or prior to 8:00 a.m. on the date of completion of the Placing.

In the event any of the Placing Agents terminates the Placing Agreement, all obligations of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against the other party in respect of any matter arising out of or in connection with the Placing Agreement save for any antecedent breach of any obligations under the Placing and without prejudice to the accrued rights and liabilities of the Company and the Placing Agents prior to such termination.

Completion of the Placing

Completion of the Placing shall take place within five Business Days following the date on which the conditions precedent of the Placing Agreement have been fulfilled or such other date as the Company and the Placing Agents may agree in writing.

Placing commission

The Company shall pay to each of Kingston Securities and VMS Securities a placing commission of 2.5% of the principal amount of the Convertible Bonds successfully placed by Kingston Securities and VMS Securities, respectively. Such placing commission rate was determined after arm's length negotiations between the Company and the Placing Agents with reference to, amongst other things, the prevailing market rate.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Set out below are the principal terms of the Convertible Bonds:

Issuer:	The Company
Principal amount:	Up to HK\$42 million
Denomination:	HK\$1,000,000 each and integral multiple thereof
Maturity date:	The date falling on the expiration of the second anniversary of the relevant issue date of the Convertible Bonds
Coupon:	The Convertible Bonds shall bear interest from the date of issue of the Convertible Bonds until the date of redemption of the Convertible Bonds at the rate of 7% per annum on the outstanding principal thereof, payable in arrears quarterly on 31 March, 30 June, 30 September and 31 December in each year
Conversion Period:	The period commencing on the first Business Day immediately after the issue date and expiring on the maturity date of the Convertible Bonds (both days exclusive)

Conversion Price:	<p>The Conversion Price of HK\$0.50 per Conversion Share represents:</p> <ul style="list-style-type: none"> (a) a premium of approximately 2.04% over the closing price of HK\$0.49 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (b) a premium of approximately 4.17% over the average closing price of approximately HK\$0.48 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement. <p>The Conversion Price is subject to adjustments upon occurrence of certain adjustment events as described below.</p>
Adjustments to Conversion Price:	<p>The Conversion Price shall from time to time be adjusted upon the occurrence of the following events:</p> <ul style="list-style-type: none"> (a) consolidation, subdivision or reclassification of the Shares or any other events due to which the nominal amount of the Shares becomes different; and (b) capitalisation of profits or reserves (other than in lieu of a cash dividend).
Conversion Shares:	<p>Assuming the Convertible Bonds are fully placed and converted, a maximum of 84,000,000 Conversion Shares will be allotted and issued at the initial Conversion Price, representing approximately 19.77% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.51% of the Company's then issued share capital as enlarged by the issue of the Conversion Shares (assuming there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds).</p>
Conversion rights:	<p>Holders of the Convertible Bonds will have the right to convert the whole or part of the principal amount of the Convertible Bonds into Conversion Shares at any time during the conversion period</p>
Conversion rights restrictions:	<p>The conversion rights attaching to the Convertible Bonds may only be exercised by the holder of the Convertible Bonds during the conversion period and such conversion shall be subject to the conditions that any conversion will not results in the Company not fulfilling the public float requirements under Rules 8.08 and 8.09 of the Listing Rules</p>

Redemption:	All or any part of the Convertible Bonds may be redeemed by the Company at any time prior to the maturity date of the Convertible Bonds by giving written notice to the then holders of the Convertible Bonds at a redemption price equal to the aggregate of 100% of the outstanding principal amount on the Convertible Bonds to be redeemed
Transferability:	The Convertible Bonds are freely transferable by the Placees in multiples of units of principal amount of the Convertible Bonds of HK\$1,000,000 or any amount in integral multiple thereof provided that no Convertible Bonds can be transferred to any connected person of the Company without prior written consent of the Company
Events of default:	If any of the events of default as described in the terms and conditions of the Convertible Bonds as attached in Schedule 1 of the Placing Agreement occurs and has not been remedied by the Company within 14 Business Days after the holders of the Convertible Bonds serving a notice on the Company, any holder of the Convertible Bonds may give notice in writing to the Company that the Convertible Bonds are immediately due and repayable, and the Convertible Bonds will immediately become due and repayable at their principal amount
Voting rights:	The holder of the Convertible Bonds will not be entitled to the right of attending or voting at any general meetings of the Company by reason only of it being the holder of the Convertible Bonds
Ranking:	The Conversion Shares, when allotted and issued, will rank <i>pari passu</i> in all respects with the Shares in issue as at the conversion date
Application for listing:	No application will be made for a listing of the Convertible Bonds on the Stock Exchange or any other stock exchanges. 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 Conversion Shares

The Conversion Price and other terms and conditions of the Convertible Bonds and the Placing Agreement were arrived at after arm's length negotiations between the Company and the Placing Agents, taking into account of, amongst other things, the prevailing market prices of the Shares. The Directors consider that the Conversion Price and the terms and conditions of the Convertible Bonds and the Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

General Mandate to allot and issue the Conversion Shares

The Placing and the issue and allotment of the Conversion Shares are not subject to additional Shareholders' approval as the Conversion Shares falling to be issued upon conversion of the Convertible Bonds will be issued under the General Mandate, which was granted to the Directors pursuant to a resolution passed by the Shareholders at the AGM held on 24 May 2019. Under the General Mandate, the Directors are authorised to allot and otherwise deal with new Shares (including the issue of any securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares) of up to 20% of the issued share capital of the Company as at the date of the AGM, which amounts to 84,970,000 new Shares. As at the date of this announcement, the General Mandate has not been utilised.

The aggregate number of Shares which may fall to be issued upon full conversion of the Convertible Bonds at the initial Conversion Price is 84,000,000 Shares, representing approximately 19.77% of the existing issued share capital of the Company and approximately 16.51% of the Company's then issued share capital as enlarged by the allotment and issue of the Conversion Shares (assuming there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds).

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the provision of property and facility management business and interior and special projects business in Hong Kong, PRC and Macau.

Assuming the Convertible Bonds are fully placed by the Placing Agents and based on the commission of the Placing Agents in the amount of approximately HK\$1 million and other expenses, the maximum gross and net proceeds from the Placing are estimated to be HK\$42 million and approximately HK\$41 million, respectively (representing a net issue price of approximately HK\$0.49 per Conversion Share). It is expected that the net proceeds from the Placing will be used as general working capital of the Group.

The Directors consider that the Placing represents an opportunity to raise additional funding to provide adequate buffer for the working capital requirement of the Group including operating overheads and the upfront cash outlay (before receipt of payments for certified works carried out) in respect of projects on hand and new projects that may be awarded in the interiors and special projects division together with its obligation to repay the indebtedness. The Group closely manages its cash flow position to ensure that there is adequate cash buffer to support the Group's business operation. Furthermore, the Directors consider that the Placing provides the Company with funding without immediate dilution effect on the shareholding of the existing Shareholders.

In view of the above, the Directors (save and except Mr. Chu and Mr. Lau, who abstained from voting on the resolutions at the Board meeting in respect of the appointment of Kingston Securities as the Placing Agent and Kingston Corporate Finance as the documentation agent for the Placing) are of the view that the Placing provides a good opportunity to strengthen the Company's financial position and the terms of the Placing are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following shareholding table illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon full conversion of the Convertible Bonds at the initial Conversion Price (assuming that there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds).

Shareholders	As at the date of this announcement		Upon full conversion of Convertible Bonds	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Champ Key Holdings Limited (<i>Note 1</i>)	225,518,633	53.08	225,518,633	44.32
The Placees	—	—	84,000,000	16.51
Other public Shareholders	199,331,367	46.92	199,331,367	39.17
Total	424,850,000	100.00	508,850,000	100.00

Notes:

1. The entire issued share capital of Champ Key Holdings Limited is wholly and beneficially owned by Mrs. Chu.
2. Certain percentage figures included in the table above are subject to rounding adjustments.

GENERAL

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions precedent set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

Unless the context otherwise requires, the following expressions shall have the following meanings in this announcement:

“AGM”	the annual general meeting of the Company held on 24 May 2019
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday, a public holiday or a day on which typhoon signal no. 8 or above or a “black” rainstorm warning is hoisted in Hong Kong) on which banks in Hong Kong are generally open for business

“Company”	Synergis Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares are listed on the main board of the Stock Exchange (stock code: 2340)
“connected person(s)”	the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	the meaning ascribed thereto under the Listing Rules
“Conversion Price”	the initial conversion price of HK\$0.50 per Conversion Share (subject to adjustments as prescribed in the Placing Agreement)
“Conversion Share(s)”	Share(s) to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds subject to the terms and conditions of the Convertible Bonds
“Convertible Bond(s)”	the convertible bonds in the principal amount of up to HK\$42 million issued by the Company pursuant to the Placing Agreement
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Kingston Corporate Finance”	Kingston Corporate Finance Limited, a licensed corporation to carry on business in Type 6 regulated activity (advising on corporate finance) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), an indirect wholly-owned subsidiary of Kingston Group, being the documentation agent of the Company in relation to the Placing
“Kingston Group”	Kingston Financial Group Limited (a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 1031))

“Kingston Securities”	Kingston Securities Limited, a licensed corporation to carry on Type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), an indirect wholly-owned subsidiary of Kingston Group, being one of the Placing Agents
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Mrs. Chu”	Mrs. Chu Yuet Wah, who is the (i) controlling shareholder of the Company; and (ii) controlling shareholder and an executive director of Kingston Group
“Placee(s)”	any institutional or retail investor(s) procured by the Placing Agents to subscribe for the Convertible Bonds pursuant to the terms of the Placing Agreement
“Placing”	the placing of the Convertible Bonds in accordance with the terms and conditions in the Placing Agreement
“Placing Agents”	collectively Kingston Securities and VMS Securities, and each a “Placing Agent”
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agents dated 24 October 2019 in relation to the Placing
“Placing Period”	the period commencing forthwith upon the date of the Placing Agreement and terminating at 5:00 p.m. on the Business Day prior to the date on which the completion of the Placing takes place (or such other day as agreed between the Parties in writing) (both days inclusive)
“PRC”	the People’s Republic of China, for the purpose of this announcement, shall exclude Hong Kong, Macau and Taiwan
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	the meaning ascribed thereto under the Listing Rules

“VMS Securities”

VMS Securities Limited, a licensed corporation to carry on business in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being one of the Placing Agents

“%”

per cent.

By order of the Board
Synergis Holdings Limited
Kingston Chu Chun Ho
Chairman

Hong Kong, 24 October 2019

As at the date of this announcement, the Board comprises Mr. Kingston Chu Chun Ho (Chairman) and Ms. Hui Suk Man (Deputy Chairman and Managing Director for the property and facility management) as Executive Directors; and Mr. Lau Man Tak, Mr. Eric Lee Hon Man and Dr. Wong Yun Kuen as Independent Non-executive Directors.