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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)

PROFIT WARNING

This announcement is made by Synergy Group Holdings International Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**” or the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the preliminary review of the draft unaudited consolidated management accounts of the Group for the financial year ended 31 March 2020 (the “**Year**”) and the information currently available to the Board, the Group is expected to record a loss attributable to owners of the Company of not more than HK\$115 million, as compared to the profit attributable to owners of the Company of approximately HK\$44.6 million for the year ended 31 March 2019.

Subject to finalisation of the annual results of the Group for the Year, the Board considers that the expected loss of the Group was primarily attributable to the following reasons:

- (i) the decline of not less than 40% in our Group's turnover as compared with the previous year, which was mainly attributable to the decrease in revenue in the trading of energy saving products segment by not less than 50% due to the drop in customer demand and the delays in delivery of products as the customers and the distributors were adversely affected by the negative economic effects from the escalating uncertainty in the international trade policy, the global financial conditions and the outbreak of COVID-19 during the year under review;
- (ii) the fair value losses on an equity investment of the Group for the Year, which was mainly due to the significant decrease in the market price of vanadium;
- (iii) the increase in impairment losses of the trade receivables of the Group for the Year, which was mainly due to the increase in the relevant expected credit losses as some of the customers were partly affected by outbreak of COVID-19 and had delayed their payments to the Group; and
- (iv) the impairment loss of goodwill of Synergy Cooling Management Limited and its subsidiaries ("**SCML Group**") for the Year, which was mainly due to the delays in progress of the major projects carried out by the SCML Group, where some of the projects involved the change of energy saving equipment in government buildings, hotels and clinics in Malaysia, which were adversely affected by COVID-19.

As the Company is still in the course of finalising its annual results for the Year, the information contained in this announcement is only based on the preliminary review of the draft unaudited consolidated management accounts of the Group for the Year and the information currently available to the Board and subject to finalisation of valuation results by professional valuers, which have yet to be confirmed, reviewed or audited by the independent auditors of the Company. Details of the performance of the Group for the Year will be disclosed in the annual results announcement of the Company which is expected to be published by end of June 2020 in accordance with the requirements under the Listing Rules. Shareholders and potential investors should exercise caution when dealing or contemplating in dealing in the shares of the Company.

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

Hong Kong, 23 June 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.