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冠力國際

(Incorporated in Bermuda with limited liability)

(Stock code: 00380)

PROFIT WARNING

This announcement is made by Softpower 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 in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders (the “**Shareholders**”) and potential investors of the Company that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2020, it is expected that its results for the six months ended 30 June 2020 would turn from a net profit attributable to equity holders of the Company approximately HK\$1,537,000 as recorded for the six months ended 30 June 2019 to a net loss attributable to equity holders of the Company of no more than HK\$5,000,000. This is mainly due to our new business segment in China being negatively impacted by the Covid-19 pandemic, the stiff market competition and the uncompetitive production cost structure. The Group decided to make a one-time full provision for impairment of fixed assets in this biomass pellet fuel products segment after our periodical review.

Despite these negative impacts, the Group’s core business, trading of pipes and fittings, remains sound and profitable during the period. The cash flow and financial position of the Group remains strong and the impact of this provision is considered negligible.

The Company is in the process of finalizing the consolidated interim results of the Group for the six months ended 30 June 2020. The information contained in this announcement is only based on the preliminary assessment made by the management of the Group on the unaudited management accounts for the relevant period, which have not been reviewed by the Company’s audit committee. The interim results of the Group may be subject to adjustments following further review by the Board and audit committee of the Company. Shareholders and potential

investors of the Company are advised to read carefully the announcement on the unaudited interim results of the Group for the six months ended 30 June 2020, which is expected to be published in August 2020.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Softpower International Limited
Lai Fulin
Chairman

Hong Kong, 19 August 2020

As at the date of this announcement, the Board consists of Mr. Lai Fulin and Mr. Yu Ben Ansheng as executive directors; and Mr. Wong Yee Shuen, Wilson, Mr. Chen Wei Wen and Mr. Guan Zhiqiang as independent non-executive directors.