

Synergy Group (01539.HK) announces US\$ 3.2 Million Expansion to the Vanadium and Energy Storage Industry

HONG KONG, May 5, 2018 /PRNewswire/ -- **Synergy Group Holdings International Limited** (“**Synergy Group**” or the “Company”, together with its subsidiaries, the “Group”; stock code: 01539.HK), a leading integrated energy saving and management solutions provider, announced that Synergy Group Worldwide Limited, a wholly-owned subsidiary of the Company, entered into the subscription agreement to acquire 23.6% of equity interest in Invinity Energy Group Limited (“Invinity”) at the consideration of US\$ 3,200,000.

Invinity Energy Limited (“Invinity HK”), a wholly-owned subsidiary of Invinity, is principally engaged in investing in vanadium mining and processing assets including exploration, development, mining and extraction of vanadium as well as production and financing of various vanadium products and battery-grade vanadium electrolyte to support the Vanadium Flow Batteries (VFBs) energy storage industry. Invinity HK has 70% of the equity interest in Gu Zhang County Vanadium Industry Company Limited (古丈縣宏源鈇業有限責任公司) (together with its subsidiaries, the “Guzhang”). Gu Zhang is principally engaged in the exploration and mining of vanadium-containing stone coals, mineral processing, production and sale of vanadium-related products including vanadium pentoxide (V_2O_5), vanadium alloys and other metallurgical products in China. The main asset of Gu Zhang is a stone coal mine covering area of approximately 0.98727 km² located in Hunan Province in China. It is estimated by a geological team under the state bureau that the mine has vanadium-containing stone coal of 30,126,900 tonnes with V_2O_5 at a general grade in the range of 1.1% to 1.63%, which is of a relatively high grade as compared to other stone coal mines in China. Gu Zhang also possesses the capability to mine, extract and process the minerals in its facility (with a potential production capacity of up to 10,000 tonnes per year) close to the mine to produce various vanadium products.

According to the market data on vanadium, the price of vanadium has surged over 130% in 2017, outperforming other battery metals such as lithium and cobalt, and the 98% V_2O_5 price continued to stay at a high price of approximately US\$ 13 – 16 /pound (i.e. RMB 183,000 – 225,000 /tonne) in the past three months.

China, which is one of the major markets for vanadium consumption, has a potential strong demand for vanadium owing to the new rebar standard and new import ban on vanadium slags. It is predicted that these new policies in China may cause an estimated deficient supply of over 12,500 tonnes per year, which is approximately 16% of the estimated worldwide production in 2017. On the other hand, the growing demand in energy storage due to intermittency of the renewable energy, grid frequency regulation, ability in peak shaving and demand charge reduction, together with global policy support, will also substantially increase the demand in vanadium, which is an important material for the production of VFBs. Based on the data from a global energy storage market database, the installed capacity of VFBs including those announced contracts and contracts under construction has increased significantly in 2016 and 2017 with approximately over 400% growth as compared to 2015. Invinity HK is in the progress of developing a new purification process for high-grade electrolyte (99.96% V_2O_5) at lower production cost which in turn greatly reduces the cost of VFBs.

Invinity’s major partners include Brantingham & Carroll International Limited (“BCI”), the leading industrial engineering, manufacturing and supply chain solutions provider with a unique expertise in renewable energy and energy storage manufacturing (delivered over 12 GWs of renewable energy systems equipment); a leading US solar and energy storage engineering and financial modelling company; and a leading US vanadium flow battery firm with a number of

patented technology, serving the large Chinese state-owned enterprises as well as several Fortune 500 companies in the US.

Commenting on the agreement, **Mr. Mansfield Wong, CEO and Chairman of Synergy Group** said, “Vanadium is a commodity with a robust and growing demand, considering the constrained and concentrated supply of vanadium with no anticipated significant new supply in the near future. In particular, with the increasing demand in the steel and energy storage industry, together with our strategic partners, the agreement allows the Group’s access to the technical expertise, experience and knowledge in vanadium mining operations as well as the development of a unique skill set in electrolyte making, which creates an integrated vertical supply chain from vanadium reserves mining to the production of final product with secured customer base, optimising the efficiency and cost to create a price-competitive VFB and establish a strong position in the energy storage market.”

About Synergy Group



Synergy Group is one of the leading integrated energy saving and management solutions providers based in Hong Kong. The Group is principally engaged in design and customisation, investment, installation and commissioning, operation and maintenance of (i) energy efficiency technology; (ii) renewable energy; and (iii) energy storage and distributed energy resources.

For more information about Synergy Group, please visit:

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