



VPower Group International Holdings Limited  
偉能集團國際控股有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

Stock Code: 1608



INTERIM REPORT  
2023



# COMPANY PROFILE

VPower Group International Holdings Limited (the “**Company**”, or together with its subsidiaries, the “**Group**”) is one of the world’s leading large gen-set system integration providers and one of the leading gas-fired engine-based distributed power generation (“**DPG**”) station owners and operators in Asia, with more than 20 years of proven operational excellence in the energy market.

We deliver much-in-demand electricity to keep industries running and power the regional economic growth through (1) designing, integrating and selling gen-sets and power generation systems; and (2) designing, investing in, building and operating DPG stations for off-takers. Together, they make up our two principal business segments: (1) System Integration (“**SI**”) business; and (2) Investment, Building and Operating (“**IBO**”) business.

Our fast-track power solutions generate stable, reliable and affordable electricity in emerging markets to improve the living standards of people; as well as provide flexible and efficient electricity in developed markets to supplement the increasing use of renewable energy to keep pace with the global energy transition.

Along with the global effort to combat climate change, we have a strong commitment to achieving carbon neutrality by 2050. We adopt strategies in line with our targets involving the development of distributed integrated energy solutions that apply combined cooling, heat and power systems, renewables or new forms of fuel and energy storage systems. We also strive to further improve our operational efficiency and minimise the environmental impacts of our business.

We seek to build on our proprietary system design together with our integration capabilities and extensive global business network developed over the past 20 years to effectively manage the risks and improve the efficiency of our business expansion, and continue to deliver efficient solutions and create sustainable value for all stakeholders.

We power the world, and light up possibilities.

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# MANAGEMENT DISCUSSION AND ANALYSIS

## Market Review

In the first half of 2023, the world continued to deal with the ongoing effects of the global energy crisis and slower economic recovery. Despite the robust growth of electricity demand in emerging economies, declining electricity demand in some advanced economies was observed.

From a supply perspective, renewables dominated the world's capacity additions. The growing share of weather-dependent renewables in the generation mix arouse further attention on the significance of increasing the flexibility and resilience of the power systems. Known for its reliability in power generation, natural gas has remained a core fuel source of baseload power supply in Southeast Asia and power reserve in Europe and Latin America with more gas-fired projects gradually coming out.

While the energy sector remains exposed to the challenges of relatively higher energy prices, inflationary pressure and extreme weather events, global ambition on decarbonisation has been stressed.

## Business Review

As we entered 2023, the Group continued its efforts on scaling down its business and operations in Myanmar and gradually redeploying the assets to other potential projects. Persistent kyat depreciation and dwindling foreign exchange reserves of the country remained the biggest difficulties for foreign businesses despite the fact that the local economic conditions appeared to have stabilised in the first half of 2023. Given the Group's previous strong presence in Myanmar, the decision to manage the local exposure had brought temporary yet significant financial impacts to the Group. For the six months ended 30 June 2023, the Group recorded a decrease in revenue and gross profit of approximately of HK\$773.9 million and approximately HK\$272.1 million respectively.

## System Integration (“SI”) Business

For the six months ended 30 June 2023, the segment revenue from SI business amounted to approximately HK\$590.1 million, contributed by customers from various sectors including construction, marine, energy and telecommunication.

The decrease in segment revenue of approximately 34.9% as compared to the corresponding period in 2022 was largely due to the decline in sales orders received from customers in Southeast Asia last two years resulted from the unfavourable market conditions.

## Investment, Building and Operating (“IBO”) Business

The geographical distribution of the power projects of the Group and its joint ventures spans across multiple countries including Myanmar, Indonesia, China, Brazil, Peru and United Kingdom. With a plan to reduce its business exposure in Myanmar, the Group continued to explore new projects in other regions in order to increase the utilisation rate of its power generation assets.

For the six months ended 30 June 2023, the segment revenue from IBO business was approximately HK\$408.0 million, representing a decrease of approximately HK\$458.3 million or approximately 52.9% as compared to the corresponding period in 2022. The decrease in revenue was mainly attributable to the reduced contribution from projects in Myanmar of approximately HK\$141.4 million. The Group had five power stations with an aggregate gross capacity of 287.4MW in operation in Myanmar as at 30 June 2022, four of which had ceased operation after contract expired during the six months ended 30 June 2023. The remaining project with a gross capacity of 109.7MW is located in Myingyan, Myanmar.

## MANAGEMENT DISCUSSION AND ANALYSIS

The deconsolidation of two Peruvian subsidiaries, being the owner and operator of a 79.8MW power project in Peru, taken place in June 2022 also caused a decrease in revenue of IBO business as the revenue from the said project was no longer consolidated as the Group's revenue. For the six months ended 30 June 2022, the project contributed approximately HK\$283.4 million of revenue to the Group. Upon deconsolidation, the two companies became joint ventures of the Group, financial performance and position of which are reflected as the Group's interests in joint ventures.

In Indonesia, on top of the projects in operation with an aggregate capacity of 112.9MW as at 30 June 2022, two new projects located in City of Palu and Maluku Islands respectively had added 22.4MW to the portfolio during the six months ended 30 June 2023. These projects remained operational and a gas-fired project of 56.4MW was under development as at 30 June 2023. As Indonesia announced its plan to convert diesel-fired power plants to gas-fired power plants starting this year as a part of its energy transition program, the Group expects to expand its local market share by participating in the upcoming tenders.

The power projects in Brazil, China and the United Kingdom with a gross capacity of 70.3MW, 14.4MW and 20.3MW respectively were in operation as at 30 June 2023. The Group plans to further increase its presence in these countries where growing demand for distributed gas-fired projects is seen by participating in the upcoming tenders in Brazil and materialising the project pipeline of 132MW in the United Kingdom.

### Significant Investments

#### (i) CNTIC VPower Group Holdings Limited (“CNTIC VPower”)

CNTIC VPower owns and operates three gas-fired power projects, namely the Thaketa, Thanlyin and Kyauk Phyu III projects, in Myanmar with a total gross capacity of 1,059.5MW.

For the six months ended 30 June 2023, CNTIC VPower recorded an operating loss, approximately HK\$64.6 million of which was booked as a share of loss to the Group. It is noted that among its three power projects, the two power stations located in Thaketa and Thanlyin respectively remained suspended for power generation during the six months ended 30 June 2023. The increase in loss was mainly attributable to the increase in operating expenses.

As at 30 June 2023, the Group's total investment cost in CNTIC VPower was approximately HK\$700.4 million with a carrying value was approximately HK\$651.9 million which represents approximately 7.9% of the Group's total assets.

#### (ii) Tamar VPower Energy Fund I, L.P. (the “Fund”)

We joined hands with CITIC Pacific Limited to explore the opportunities in the energy sector in countries along the Belt and Road Initiative through the Fund in 2018. The investment portfolio of the Fund remained the same as disclosed in the annual report of 2019.

The operation of the respective investee companies had been stable during the six months ended 30 June 2023 while the Fund recorded an operating loss due to management fee. As at 30 June 2023, the Group's total investment cost in the Fund was approximately HK\$819.0 million; and its carrying value was approximately HK\$797.4 million, representing around 9.6% of the Group's total assets.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Outlook

According to industry forecast, as the energy crisis abates, electricity demand growth is set to rise globally with China being the key driver. In response to the rising demand and the call for decarbonisation, global installed capacity of renewables is estimated to increase at a faster rate. The increasing share of variable renewables in the generation mix creates a huge market potential for dispatchable power solutions including our dependable and responsive engine-based power solutions. With a strong fleet of readily available and efficient power generation assets, the Group is in an advantageous position to seize the industry opportunities and resume the business growth provided that the working capital cycle is improved.

On 12 June 2023, the Company and China National Technical Import & Export Corporation (“**Genertec CNTIC**”) entered into a subscription agreement (the “**Subscription Agreement**”), pursuant to which, the Company has conditionally agreed to allot and issue, and Genertec CNTIC has conditionally agreed to subscribe for 3,290,457,511 shares of the Company at a price of HK\$0.42 per share for a total subscription amount of HK\$1,381,992,155 (the “**Subscription**”).

On the same day, the Company and Genertec CNTIC jointly issued a joint announcement in relation to the Subscription Agreement and the transactions contemplated thereunder. As stated in the announcement, upon the completion of the Subscription and the proposed issue of shares to maintain the public float of the shares of the Company, Genertec CNTIC would become the new controlling shareholder of the Company with approximately 47.40% of the enlarged issued share capital of the Company.

Genertec CNTIC is a Chinese state-owned service provider in the export of complete equipment, international project contracting and project management. With its business covering 105 countries and regions worldwide, Genertec CNTIC has completed more than 7,500 major technical equipment import, international engineering contracting, complete equipment and technology export projects with a total value of over \$120 billion. Genertec CNTIC and the Group have commenced business cooperation since 2010. It is an engineering, procurement and construction (EPC) contractor and subcontractor of the Group and the other shareholder of CNTIC VPower holding 50% equity interest.

Genertec CNTIC intends to continue with the existing principal businesses of the Group and it has been the mutual intention for both parties to deepen their business cooperation. The Group is an experienced specialist of clean, fast-track, flexible and mobile distributed power which is well-positioned to capture the numerous business opportunities brought by energy transition.

It is expected that Genertec CNTIC, being a sizable, well-established and highly reputable state-owned enterprise, will facilitate the Group’s business growth with its global reach, extensive business network and solid financial resources. The business support from Genertec CNTIC will enable the Group to efficiently execute the asset redeployment plans and business development plans for higher returns on assets.

From a financial perspective, leveraging on the financial strength and corporate scale of Genertec CNTIC, it is expected that the Group will be able to enjoy a lower cost of capital and more sources of financing, subsequently achieve a stronger financial position and a higher shareholders’ return.

Together with the joint ventures, the Group has approximately 1,800 MW of power generation assets in its portfolio, most of which are located in Myanmar. Leveraging on the movable and modular design of the assets, the Group plans to reset the geographical distribution of its portfolio by redeploying these assets to other markets including the fast-track gas-fired power market, power reserve market and oil and gas market.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group also plans to tap into the integrated energy sector in China with the business networks of its business partners. Integrated energy is an emerging form of energy system in which the power, heat and gas networks are connected in order to provide highly efficient and stable energy to the end-users including hospitals, industrial parks and commercial buildings. The Group has developed a new model of modular combined cooling, heat and power system with industry pioneers and is ready to enter into the integrated energy sector.

In the near future, the Group will focus on overcoming the operational and financial challenges brought by its previous business exposure in Myanmar, including executing the asset redeployment plan, enhancing cost control and optimising inventory management. The Group will also commence to embrace the growing opportunities in the distributed energy industry for a long-term growth.

### Financial Review

#### Revenue

The revenue of the Group was mainly derived from: (i) SI business by providing gen-sets and power generation systems to customers; and (ii) IBO business based on the actual amount of electricity that we deliver to the off-takers (including fuel cost the Group expensed for its off-takers), as well as the contract capacity we make available to the off-takers.

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
SI	590,141	905,760
IBO	407,982	866,270
Total	998,123	1,772,030

In the six months ended 30 June 2023, the Group recorded a revenue of approximately HK\$998.1 million, representing a decrease of 43.7% as compared with approximately HK\$1,772.0 million of the corresponding period in 2022. The decrease in revenue was due to the reduced revenue from both SI and IBO business segments. Please refer to the paragraph headed "Business Review".

## MANAGEMENT DISCUSSION AND ANALYSIS

### Revenue by geographical locations

The table below sets forth a revenue breakdown for our SI business by geographical markets for the period indicated, both in actual amounts and as a percentage of total revenue:

	Six months ended 30 June			
	2023		2022	
	HK\$'000	% of total revenue	HK\$'000	% of total revenue
Hong Kong and Mainland China	72,763	7.3	56,178	3.2
Other Asian countries <sup>(1)</sup>	380,352	38.1	847,945	47.8
Other countries	137,026	13.7	1,637	0.1
<b>Total</b>	<b>590,141</b>	<b>59.1</b>	<b>905,760</b>	<b>51.1</b>

Note:

(1) Other Asian countries include Singapore, United Arab Emirates and South Korea.

The table below sets forth a revenue breakdown for our IBO business by geographical markets for the period indicated, both in actual amounts and as a percentage of total revenue:

	Six months ended 30 June			
	2023		2022	
	HK\$'000	% of total revenue	HK\$'000	% of total revenue
Brazil	309,808	31.1	314,322	17.8
Myanmar	68,175	6.8	209,615	11.8
Mainland China	14,572	1.5	15,933	0.9
Indonesia	14,439	1.4	32,558	1.8
United Kingdom	988	0.1	10,426	0.6
Peru	—	—	283,416	16.0
<b>Total</b>	<b>407,982</b>	<b>40.9</b>	<b>866,270</b>	<b>48.9</b>

### Cost of sales

Under our SI business, our cost of sales mainly consists of cost of goods sold and services provided, staff costs and depreciation. We use engines, radiators, alternators, other parts and ancillary equipment to produce gen-sets and power generation systems.

Under our IBO business, our cost of sales mainly includes depreciation and operating expenses. We engage contractors for labour outsourcing.



## MANAGEMENT DISCUSSION AND ANALYSIS

Cost of sales of the Group was approximately HK\$861.8 million for the six months ended 30 June 2023, representing a decrease of HK\$501.8 million as compared with approximately HK\$1,363.6 million of the corresponding period in 2022.

### Gross profit and gross profit margin

	Six months ended 30 June			
	2023		2022	
	HK\$'000	gross profit margin %	HK\$'000	gross profit margin %
SI	47,468	8.0	153,435	16.9
IBO	88,898	21.8	254,998	29.4
Total	136,366	13.7	408,433	23.0

Gross profit of the Group was approximately HK\$136.4 million for the six months ended 30 June 2023, representing decrease of 66.6% as compared with approximately HK\$408.4 million of the corresponding period in 2022.

Gross profit margin for the six months ended 30 June 2023 dropped to 13.7% from 23.0% of the corresponding period in 2022 which was mainly attributable to (i) scaling down of the business and operation in Myanmar under IBO business which has high gross profit margin; and (ii) increased proportion of sales of engine-based electricity generation units of lower margin under SI business.

### Profit/(loss) before tax

For the six months ended 30 June 2023, the Group recorded a loss of approximately HK\$345.5 million as compared with a profit of HK\$90.5 million of the corresponding period in 2022. It was mainly due to a decrease in gross profit, increases in finance cost and other expenses and a share of loss from a joint venture with operations and investments in Myanmar.

### Other income and gains, net

In the six months ended 30 June 2023, other income and gains, net of the Group amounted to approximately HK\$3.3 million, representing a decrease of 50.0% as compared with approximately HK\$6.6 million of the corresponding period in 2022. The decrease was mainly attributable to no gain on deconsolidation of subsidiaries recognised during the six months ended 30 June 2023.

### Selling and distribution expenses

Selling and distribution expenses of the Group primarily consist of costs for transportation and traveling expenses, commission expense, insurance expense, staff costs and others. The selling and distribution expenses of the Group slightly decreased by 0.6% to HK\$8.2 million for the six months ended 30 June 2023.

### Administrative expenses

Administrative expenses primarily consist of staff costs, legal and other professional fees, insurance expenses, demobilisation expenses, and office and other expenses. Office and other expenses include bank charges, advertising and related promotion expenses and headquarter expenses.

## MANAGEMENT DISCUSSION AND ANALYSIS

In the six months ended 30 June 2023, administrative expenses of the Group were approximately HK\$198.8 million, representing an increase of 20.4% as compared with that of HK\$165.1 million in the corresponding period of 2022. The increase was mainly due to an increase in demobilisation expenses and depreciation charge.

### Other expenses, net

Other expenses, net of the Group mainly consist of foreign exchange loss, impairment of trade receivables, write-down of inventories to net realisable value and loss on disposal of items of property, plant and equipment.

In the six months ended 30 June 2023, other expenses, net were approximately HK\$79.8 million, which represented an increase of 151.7% as compared with that of HK\$31.7 million in the corresponding period of 2022. The increase was mainly attributable to an increase in write-down of inventories to net realisable value.

### Finance costs

Finance costs of the Group primarily consist of interest and other finance costs on letters of credit, bank loans and overdrafts, notional interest on other payables and interest on lease liabilities and other borrowings. In the six months ended 30 June 2023, finance costs were approximately HK\$134.8 million, which represented an increase of 23.0% as compared with that of approximately HK\$109.6 million in the corresponding period of 2022. The increase was primarily due to the increase in average borrowing interest rate despite a decrease in total interest-bearing bank borrowing.

### Income tax credit/(expense)

Income tax credit/expense of the Group primarily consists of income tax recoverable/payable by our subsidiaries in the People's Republic of China, Hong Kong, Brazil and Peru. For the six months period ended 30 June 2023, income tax credit was approximately HK\$17.9 million, as compared with the income tax expense of approximately HK\$16.1 million in the corresponding period of 2022, and our effective tax rate was 5.2% and 17.8% for the six months ended 30 June 2023 and 2022, respectively.

### Profit/(loss) attributable to owners and earnings/(loss) per share

In the six months ended 30 June 2023, loss attributable to owners of the Company was approximately HK\$327.7 million, as compared with profit attributable to owners of the Company of approximately HK\$60.7 million in the corresponding period of 2022. Basic loss per share for the six months ended 30 June 2023 was HK12.19 cents as compared with basic earnings per share of HK2.25 cents in the corresponding period of 2022.

### Liquidity, financial and capital resources

As at 30 June 2023, total current assets of the Group amounted to approximately HK\$4,093.1 million (31 December 2022: HK\$4,550.0 million). In terms of financial resources as at 30 June 2023, cash and cash equivalents of the Group were approximately HK\$111.9 million (31 December 2022: HK\$122.3 million).

## MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2023, total bank and other borrowings of the Group amounted to approximately HK\$2,889.1 million (31 December 2022: HK\$2,921.2 million), representing a decrease of approximately 1.1% as compared to that as at 31 December 2022. As at 30 June 2023, the Group's bank and other borrowings denominated in:

	<b>30 June 2023 (Unaudited) HK\$ million</b>	31 December 2022 (Audited) HK\$ million
United States dollars ("USD")	<b>2,649.1</b>	2,702.4
Hong Kong dollars	<b>153.4</b>	166.3
Brazilian Real ("BRL")	<b>32.3</b>	—
Euro	<b>29.6</b>	32.7
Renminbi ("RMB")	<b>14.3</b>	12.2
Great British Pound ("GBP")	<b>9.6</b>	7.6
Singapore dollars ("SGD")	<b>0.8</b>	—
	<b>2,889.1</b>	2,921.2

As at 30 June 2023, the Group's current ratio was 0.8 (31 December 2022: 0.8). The Group's liabilities to assets ratio was 66.0% (31 December 2022: 64.8%). The Group's net gearing ratio was approximately 98.1% (31 December 2022: 88.0%).

### Charge of assets

As at 30 June 2023, certain of the Group's inventories with a net book value of approximately HK\$310.3 million (31 December 2022: HK\$310.3 million), property, plant and equipment with a net book value of approximately HK\$72.9 million (31 December 2022: HK\$74.3 million), pledged deposit of \$4.3 million (31 December 2022: HK\$23.0 million) and equity interest of the Group in a subsidiary were charged for securing the Group's interest-bearing bank and other borrowings and the equity interest of the Group in Genrent del Peru S.A.C. was charged for securing its senior notes.

### Exposure on foreign exchange fluctuations

The Group's revenue and payments are mainly in USD, Euro, BRL, Indonesian Rupiah ("IDR"), RMB, Myanmar Kyat ("MMK") and GBP. The impact of such difference would translate into our exposure to any particular currency fluctuations during the period. The Group has a hedging policy to manage such risks and costs associated with currency fluctuations.

The Group is exposed to foreign exchange risk through sales and purchase that are denominated in currencies other than the functional currency of the respective operations, which are primarily Euro, BRL, IDR, RMB, MMK and GBP. A majority of the Group's purchases are either in Euro or USD. During the six months ended 30 June 2023, the Group entered into currency forward contracts to manage its partial foreign exchange exposure against Euro appreciation. The Group will closely review the hedging policy and monitor its overall foreign exchange exposure from time to time to minimize the relevant exposures.

As market conditions continue to evolve, the Group's Investment Committee will continue to closely monitor the currency risk and adopt strategies that reduce the exposure of currency risks.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Contingent Liabilities

As at 30 June 2023, the Group's contingent liabilities amounted to HK\$4.1 million (31 December 2022: HK\$4.1 million).

### Capital Expenditures

For the six months ended 30 June 2023, the Group invested approximately HK\$34.2 million (31 December 2022: HK\$156.8 million) in property, plant and equipment of which HK\$34.0 million (31 December 2022: HK\$156.6 million) was for IBO projects.

### Treasury Policy

The Group has implemented a treasury policy that aims at better controlling its treasury management and financial resources. The treasury policy requires the Group to maintain an adequate level of cash and cash equivalents and available banking facilities to support daily operations and funding needs. The policy is regularly reviewed and evaluated to ensure its adequacy and effectiveness.

### Material Acquisition and Disposal

The Group did not have material acquisition and disposal of subsidiaries, associates and joint ventures during the six months period ended 30 June 2023.

### Employees

As at 30 June 2023, the Group had 316 employees (31 December 2022: 400). The Group remunerates its employees based on their performance, experience and prevailing industry practice; and grants bonus in cash and shares of the Company to motivate valued employees. The Group provides internal and external training (e.g. orientation training, on-the-job training, product training and site safety training) to enrich the knowledge and skills of employees.

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
REVENUE	4	998,123	1,772,030
Cost of sales		(861,757)	(1,363,597)
Gross profit		136,366	408,433
Other income and gains, net	4	3,347	6,615
Selling and distribution expenses		(8,174)	(8,226)
Administrative expenses		(198,785)	(165,122)
Other expenses, net		(79,779)	(31,724)
Finance costs		(134,752)	(109,642)
Share of profits or losses from joint ventures		(63,692)	(9,827)
PROFIT/(LOSS) BEFORE TAX	5	(345,469)	90,507
Income tax credit/(expense)	6	17,929	(16,121)
PROFIT/(LOSS) FOR THE PERIOD		(327,540)	74,386
Attributable to:			
Owners of the Company		(327,704)	60,650
Non-controlling interests		164	13,736
		(327,540)	74,386
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		HK(12.19) cents	HK2.25 cents
Diluted		HK(12.19) cents	HK2.25 cents

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
PROFIT/(LOSS) FOR THE PERIOD	(327,540)	74,386
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Changes in fair value of hedging instruments arising during the period	(72)	6,518
Reclassification adjustments included in the consolidated statement of profit or loss	(7,785)	1,460
	(7,857)	7,978
Exchange differences on translation of foreign operations	10,385	(13,588)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	2,528	(5,610)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	(325,012)	68,776
Attributable to:		
Owners of the Company	(325,176)	55,040
Non-controlling interests	164	13,736
	(325,012)	68,776

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	Notes	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	2,360,770	2,463,736
Right-of-use assets		97,644	101,509
Other intangible assets		41,794	39,674
Interests in joint ventures	10	1,633,851	1,736,089
Deposits and other receivables		5,790	5,227
Deferred tax assets		42,184	15,070
<b>Total non-current assets</b>		<b>4,182,033</b>	4,361,305
<b>CURRENT ASSETS</b>			
Inventories		980,102	1,169,538
Trade and bills receivables	11	2,737,172	2,903,136
Prepayments, deposits, other receivables and other assets		241,496	310,743
Derivative financial instruments		—	7,857
Tax recoverable		5,983	1,425
Restricted cash		12,222	11,981
Pledged deposits		4,288	22,996
Cash and cash equivalents		111,878	122,347
<b>Total current assets</b>		<b>4,093,141</b>	4,550,023
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	12	1,843,677	2,045,924
Other payables and accruals		494,133	409,732
Contract liabilities		110,159	227,539
Derivative financial instruments		5,616	2,361
Interest-bearing bank and other borrowings	13	2,889,146	2,921,234
Lease liabilities		12,537	14,764
Tax payable		4,314	6,353
Provision for restoration		4,047	3,523
<b>Total current liabilities</b>		<b>5,363,629</b>	5,631,430
<b>NET CURRENT LIABILITIES</b>		<b>1,270,488</b>	1,081,407
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,911,545</b>	3,279,898

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
<b>NON-CURRENT LIABILITIES</b>		
Other payables	—	40,738
Lease liabilities	87,552	88,061
Provision for restoration	1,457	2,960
Deferred tax liabilities	7,491	8,082
<b>Total non-current liabilities</b>	<b>96,500</b>	<b>139,841</b>
<b>Net assets</b>	<b>2,815,045</b>	<b>3,140,057</b>
<b>EQUITY</b>		
Equity attributable to owners of the Company		
Share capital	270,169	270,169
Reserves	2,544,059	2,869,235
<b>Non-controlling interests</b>	<b>2,814,228</b>	<b>3,139,404</b>
	<b>817</b>	<b>653</b>
<b>Total equity</b>	<b>2,815,045</b>	<b>3,140,057</b>

**Lam Yee Chun**  
Director

**Lee Chong Man Jason**  
Director



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the Company													
	Share capital	Share premium account	Merger reserve	Capital reserve	Share option reserve	Shares held under the share award scheme	Asset revaluation reserve	Cash flow hedge reserve	Statutory reserve funds	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interest	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2022	270,169	1,892,072	(15,458)	146,985	1,872	(35,890)	17,062	(1,371)	35,198	(105,365)	1,270,191	3,475,465	56,982	3,532,447
Profit for the period	–	–	–	–	–	–	–	–	–	–	60,650	60,650	13,736	74,386
Other comprehensive income/(loss) for the period:														
Cash flow hedges:														
Changes in fair value of hedging instruments arising during the period	–	–	–	–	–	–	–	6,518	–	–	–	6,518	–	6,518
Reclassification adjustments included in the consolidated statement of profit or loss	–	–	–	–	–	–	–	1,460	–	–	–	1,460	–	1,460
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	–	(13,588)	–	(13,588)	–	(13,588)
Total comprehensive income for the period	–	–	–	–	–	–	–	7,978	–	(13,588)	60,650	55,040	13,736	68,776
Transfer of share option reserve upon the forfeiture or expiry of share options	–	–	–	–	(344)	–	–	–	–	–	344	–	–	–
Equity-settled share-based payment arrangement	–	–	–	–	–	3,480	–	–	–	–	(2,680)	800	–	800
Deconsolidation of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	(61,342)	(61,342)
At 30 June 2022 (Unaudited)	270,169	1,892,072	(15,458)	146,985	1,528	(32,410)	17,062	6,607	35,198	(118,953)	1,328,505	3,531,305	9,376	3,540,681
At 1 January 2023	270,169	1,892,072	(15,458)	146,985	–	(36,698)	–	7,857	35,919	(130,315)	968,873	3,139,404	653	3,140,057
Loss for the period	–	–	–	–	–	–	–	–	–	–	(327,704)	(327,704)	164	(327,540)
Other comprehensive income/(loss) for the period:														
Cash flow hedges:														
Changes in fair value of hedging instruments arising during the period	–	–	–	–	–	–	–	(72)	–	–	–	(72)	–	(72)
Reclassification adjustments included in the consolidated statement of profit or loss	–	–	–	–	–	–	–	(7,785)	–	–	–	(7,785)	–	(7,785)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	–	10,385	–	10,385	–	10,385
Total comprehensive loss for the period	–	–	–	–	–	–	–	(7,857)	–	10,385	(327,704)	(325,176)	164	(325,012)
At 30 June 2023 (Unaudited)	270,169	1,892,072*	(15,458)*	146,985*	–*	(36,698)*	–*	–*	35,919*	(119,930)*	641,169*	2,814,228	817	2,815,045

\* These reserve accounts comprise the consolidated reserves of HK\$2,544,059,000 (31 December 2022: HK\$2,869,235,000) in the consolidated statement of financial position as at 30 June 2023.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Net cash flows from operating activities	<b>126,032</b>	20,528
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	<b>(50,944)</b>	(59,703)
Decrease/(increase) in deposits paid for purchases of property, plant and equipment	<b>(3,338)</b>	12
Decrease in pledged deposits	<b>18,542</b>	24,679
Deconsolidation of a subsidiary	—	(64,370)
Proceeds from disposal of items of property, plant and equipment	—	392
Others	<b>(3,592)</b>	2,368
Net cash flows used in investing activities	<b>(39,332)</b>	(96,622)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank borrowings	<b>876,089</b>	1,637,717
Repayment of bank borrowings	<b>(934,414)</b>	(1,563,669)
Others	<b>(30,738)</b>	(92,933)
Net cash flows used in financing activities	<b>(89,063)</b>	(18,885)
NET DECREASE IN CASH AND CASH EQUIVALENTS	<b>(2,363)</b>	(94,979)
Cash and cash equivalents at beginning of period	<b>114,706</b>	452,930
Effect of foreign exchange rate changes, net	<b>(10,060)</b>	(6,632)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<b>102,283</b>	351,319
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<b>111,878</b>	359,926
Bank overdraft	<b>(9,595)</b>	(8,607)
	<b>102,283</b>	351,319

# NOTES TO FINANCIAL STATEMENTS

30 June 2023

## 1. Corporate and Group Information

The Company is a limited liability company incorporated in the Cayman Islands. The principal place of business of the Company is located at Units 2701–05, 27/F, Office Tower 1, The Harbourfront, 18–22 Tak Fung Street, Hung Hom, Kowloon, Hong Kong.

During the six months ended 30 June 2023, the Group was principally engaged in the design, integration, sale and installation of engine-based electricity generation units and the provision of distributed power solutions, including the design of, investment in, building and operation of distributed power generation stations.

In the opinion of the directors, the immediate holding company of the Company is Energy Garden Limited, a company incorporated in the British Virgin Islands, and the ultimate holding company of the Company is Sunpower Global Limited, a company also incorporated in the British Virgin Islands.

## 2. Basis of Preparation

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2023 have been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

### Going Concern Basis

For the six months ended 30 June 2023, the Group incurred a net loss of HK\$327.5 million and the Group had net current liabilities of HK\$1,270.5 million as at 30 June 2023. The current liabilities included (i) bank and other borrowings of HK\$2,889.1 million repayable within 12 months from the end of the reporting period; and (ii) trade and other payables due to a sub-contractor which is also a joint venture partner of one of the Group’s joint ventures (the “**Sub-contractor**”) of HK\$1,710.5 million, of which an amount of HK\$1,537.4 million was overdue as at 30 June 2023. The Group’s cash and cash equivalents amounted to HK\$111.9 million as at 30 June 2023. Subsequent to the end of the reporting period and as at the latest practicable date, in ascertaining information for finalising these financial statements in August 2023, except for a bank borrowing amount of HK\$98.8 million outstanding as at 30 June 2023, the Group has obtained waiver confirmations in writing from the relevant banks on its non-compliance with certain financial covenants, which are either valid for 6 months or in the opinion of the directors of the Company, will be extended by the relevant banks until the original maturity dates of bank borrowings. As a result, the management expects that these bank borrowings will be repayable in accordance with the original maturity dates as set out in the relevant loan agreements.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. In view of such circumstances, the directors of the Company have been undertaking plans and measures to improve the Group’s liquidity and financial position, including, *inter alia*:

- (i) actively negotiating with the existing banks on the terms and financial covenants of loan agreements and, where appropriate, obtaining waivers on the non-compliance with financial covenants under existing loan agreements;
- (ii) communicating with banks on the renewal of existing bank borrowings and refinancing arrangements;
- (iii) discussing with the Sub-contractor for the settlement terms of the overdue balances, including the extension for repayment or debt capitalisation;

# NOTES TO FINANCIAL STATEMENTS

30 June 2023

## 2. Basis of Preparation (Continued)

### Going Concern Basis (Continued)

- (iv) implementing measures to speed up the collection of outstanding trade and other receivables;
- (v) considering divestment of certain non-current assets; and
- (vi) exploring other debt or equity financing arrangements.

The directors of the Company have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than 12 months from 30 June 2023. They are of the opinion that, taking into account of the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the next 12 months from 30 June 2023. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

### Basis of Consolidation

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2023 do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

### Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

# NOTES TO FINANCIAL STATEMENTS

30 June 2023

## 2. Basis of Preparation (Continued)

### Changes in Accounting Policies and Disclosures (Continued)

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments did not have material impact on the Group's interim condensed consolidated financial information.
- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

## NOTES TO FINANCIAL STATEMENTS

30 June 2023

### 3. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- (a) the system integration (“**SI**”) segment designs, integrates, sells and installs engine-based electricity generation units; and
- (b) the investment, building and operating (“**IBO**”) segment designs, invests in, builds and operates distributed power generation stations to provide distributed power solutions.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group’s profit/loss before tax except that bank interest income, non-lease-related finance costs, fair value losses on the Group’s derivative financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, derivative financial instruments, tax recoverable, restricted cash, pledged deposits, cash and cash equivalents, and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, interest-bearing bank and other borrowings, tax payable, deferred tax liabilities, and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

## NOTES TO FINANCIAL STATEMENTS

30 June 2023

### 3. Operating Segment Information (Continued)

For the six months ended 30 June 2023 (unaudited)

	SI HK\$'000	IBO HK\$'000	Total HK\$'000
<b>Segment revenue:</b>			
Sales to external customers	590,141	407,982	998,123
Intersegment sales	11,647	—	11,647
	601,788	407,982	1,009,770
<i>Reconciliation:</i>			
Elimination of intersegment sales			(11,647)
Revenue			998,123
<b>Segment results</b>	(24,499)	(116,229)	(140,728)
<i>Reconciliation:</i>			
Elimination of intersegment results			(1,010)
Bank interest income			770
Corporate and unallocated expenses, net			(71,470)
Finance costs (other than interest on lease liabilities)			(133,031)
Loss before tax			(345,469)
<b>Segment assets</b>	3,510,642	3,742,465	7,253,107
<i>Reconciliation:</i>			
Corporate and unallocated assets			1,022,067
Total assets			8,275,174
<b>Segment liabilities</b>	2,232,034	305,782	2,537,816
<i>Reconciliation:</i>			
Corporate and unallocated liabilities			2,922,313
Total liabilities			5,460,129
<b>Other segment information:</b>			
Loss on disposal of items of property plant and equipment	—	138	138
Depreciation of property, plant and equipment*	857	120,327	121,184
Depreciation of right-of-use assets	5,831	2,062	7,893
Capital expenditure	187	33,984	34,171

\* Depreciation excludes depreciation charges of HK\$538,000 for corporate assets.

## NOTES TO FINANCIAL STATEMENTS

30 June 2023

### 3. Operating Segment Information (Continued)

#### For the six months ended 30 June 2022 (unaudited)

	SI HK\$'000	IBO HK\$'000	Total HK\$'000
<b>Segment revenue:</b>			
Sales to external customers	905,760	866,270	1,772,030
Intersegment sales	2,491	—	2,491
	908,251	866,270	1,774,521
<i>Reconciliation:</i>			
Elimination of intersegment sales			(2,491)
Revenue			1,772,030
<b>Segment results</b>	125,045	114,374	239,419
<i>Reconciliation:</i>			
Elimination of intersegment results			(169)
Bank interest income			1,328
Corporate and unallocated expenses, net			(42,357)
Finance costs (other than interest on lease liabilities)			(107,714)
Profit before tax			90,507
<b>Other segment information:</b>			
Gain on disposal of items of property plant and equipment, net	(38)	(342)	(380)
Depreciation of property, plant and equipment*	1,499	137,003	138,502
Depreciation of right-of-use assets	6,193	2,396	8,589
Amortisation of intangible assets	—	1,439	1,439
Capital expenditure	12	16,122	16,134
<b>Year ended 31 December 2022 (audited)</b>			
<b>Segment assets</b>	3,853,241	3,988,437	7,841,678
<i>Reconciliation:</i>			
Corporate and unallocated assets			1,069,650
Total assets			8,911,328
<b>Segment liabilities</b>	2,282,857	539,641	2,822,498
<i>Reconciliation:</i>			
Corporate and unallocated liabilities			2,948,773
Total liabilities			5,771,271

\* Depreciation excludes depreciation charges of HK\$538,000 for corporate assets.



## NOTES TO FINANCIAL STATEMENTS

30 June 2023

### 3. Operating Segment Information (Continued)

#### Geographical information

##### (a) Revenue from external customers

	Six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Hong Kong and Mainland China	87,335	72,111
Other Asian countries	462,966	1,090,118
Latin America	309,808	597,738
Other countries	138,014	12,063
	<b>998,123</b>	<b>1,772,030</b>

The revenue information above is based on the locations of the customers.

##### (b) Non-current assets

	As at 30 June 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000
	Hong Kong and Mainland China	1,547,209
Other Asian countries	1,727,846	1,862,740
Latin America	514,057	477,075
Other countries	349,645	336,448
	<b>4,138,757</b>	<b>4,343,940</b>

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets and financial assets.

# NOTES TO FINANCIAL STATEMENTS

30 June 2023

## 4. Revenue, Other Income and Gains, net

An analysis of revenue is as follows:

### Revenue from contracts with customers

#### (i) Disaggregated revenue information

For the six months ended 30 June 2023 (unaudited)

Segments	SI HK\$'000	IBO HK\$'000	Total HK\$'000
<b>Type of goods or services</b>			
Sale of engine-based electricity generation units	586,860	—	586,860
Provision of technical services	3,281	—	3,281
Provision of distributed power solutions	—	407,982	407,982
Total revenue from contracts with customers	590,141	407,982	998,123

#### Timing of revenue recognition

Goods transferred at a point in time	586,860	—	586,860
Services transferred over time	3,281	407,982	411,263
Total revenue from contracts with customers	590,141	407,982	998,123

For the six months ended 30 June 2022 (unaudited)

Segments	SI HK\$'000	IBO HK\$'000	Total HK\$'000
<b>Type of goods or services</b>			
Sale of engine-based electricity generation units	876,427	—	876,427
Construction services	18,324	—	18,324
Provision of technical services	11,009	—	11,009
Provision of distributed power solutions	—	866,270	866,270
Total revenue from contracts with customers	905,760	866,270	1,772,030

#### Timing of revenue recognition

Goods transferred at a point in time	876,427	—	876,427
Services transferred over time	29,333	866,270	895,603
Total revenue from contracts with customers	905,760	866,270	1,772,030

## NOTES TO FINANCIAL STATEMENTS

30 June 2023

### 4. Revenue, Other Income and Gains, net (Continued)

#### Revenue from contracts with customers (Continued)

##### (i) Disaggregated revenue information (Continued)

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of engine-based electricity generation units	122,539	30,378
	122,539	30,378

##### (ii) Performance obligations

Information about the Group's performance obligations is summarised below:

###### *Sale of engine-based electricity generation units*

The performance obligation is satisfied upon completion of installation of the engine-based electricity generation units and payment is generally due within 30 to 360 days from delivery, except for new customers, where payment in advance is normally required.

###### *Construction services*

The performance obligation is satisfied over time as services are rendered and payment is generally due upon completion of construction and customer acceptance. Retention receivables, which periods ranging from one to two years from the date of the completion of the construction, are classified as contract assets.

###### *Provision of distributed power solutions*

The performance obligation is satisfied over time when the energy is produced and delivered to the customer in accordance with the contractual arrangements and payment is due within 30 to 300 days after the issuance of invoice.

The Group elected to apply the practical expedient under HKFRS 15 and does not disclose the amount of the transaction price allocated to the remaining obligations for contracts with an original expected duration of one year or less as well as contracts for distributed power solutions for which the Group issues invoices for the actual amount of energy delivered each month and recognises revenue in the amount to which the Group has the right to invoice.

###### *Provision of technical services*

The performance obligation is satisfied over time as services are rendered. Technical service contracts are for periods of one year or less, and are billed based on the costs incurred.

## NOTES TO FINANCIAL STATEMENTS

30 June 2023

### 4. Revenue, Other Income and Gains, net (Continued)

An analysis of other income and gains, net is as follows:

	Six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Bank interest income	770	1,328
Government grants*	209	636
Gain on disposal of items of property, plant and equipment, net	—	380
Others	2,368	4,271
	<b>3,347</b>	6,615

\* A subsidiary was qualified as a high-and-new technology enterprise in Mainland China and it received various related government grants. There are no unfulfilled conditions or contingencies relating to these grants.

### 5. Profit/(Loss) Before Tax

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Depreciation of property, plant and equipment*	121,722	139,040
Depreciation of right-of-use assets	7,893	8,589
Amortisation of intangible assets	—	1,439
Write-down of inventories to net realisable value <sup>#</sup>	67,665	—
Fair value loss on derivative financial instruments <sup>#</sup>	2,882	5,162
Foreign exchange difference, net <sup>#</sup>	9,094	23,401
Impairment of trade receivables, net <sup>#</sup>	—	3,035
Loss/(gain) on disposal of items of property, plant and equipment, net	138 <sup>#</sup>	(380)
Equity-settled share-based payment expense	—	800

\* The cost of sales for the period included depreciation charges of HK\$58,947,000 (six months ended 30 June 2022: HK\$98,980,000).

<sup>#</sup> Included in "Other expenses, net" in the unaudited condensed consolidated statement of profit or loss.

## NOTES TO FINANCIAL STATEMENTS

30 June 2023

### 6. Income Tax

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rate regime. The first HK\$2,000,000 (six months ended 30 June 2022: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (six months ended 30 June 2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (six months ended 30 June 2022: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	Six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Current — Hong Kong		
Charge for the period	—	7,238
Current — Elsewhere		
Charge for the period	6,887	10,280
Underprovision/(Overprovision) in prior periods	1,692	(749)
Deferred	(26,508)	(648)
Total tax charge/(credit) for the period	(17,929)	16,121

### 7. Dividends

The board of directors of the Company (the “Board”) has resolved not to declare an interim dividend in respect of the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

The Board did not recommend the payment of any final dividend in respect of the years ended 31 December 2022 and 2021.

### 8. Earnings/(Loss) Per Share Attributable to Ordinary Equity Holders of the Company

The calculation of the basic earnings/(loss) per share amount is based on the loss for the period attributable to ordinary equity holders of the Company of HK\$327,704,000 (six months ended 30 June 2022: profit of HK\$60,650,000) and the weighted average number of ordinary shares of 2,688,026,000 (six months ended 30 June 2022: 2,692,425,000) in issue during the period, as adjusted to exclude the shares held under the share award scheme.

No adjustment was made to the basic earnings per share amount presented for the six months ended 30 June 2022 in respect of a dilution as the impact of the share options outstanding had no dilutive effect on the basic earnings per share amount presented. There were no share options outstanding for the six months ended 30 June 2023.

## NOTES TO FINANCIAL STATEMENTS

30 June 2023

### 9. Property, Plant and Equipment

During the reporting period, the Group acquired property, plant and equipment of HK\$34,171,000 (six months ended 30 June 2022: HK\$16,134,000) and there was no write-off of property, plant and equipment (six months ended 30 June 2022: Nil).

### 10. Interests in Joint Ventures

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
Share of net assets	1,633,851	1,736,089

In January 2018, the Company and CITIC Pacific Limited (“**CITIC Pacific**”) through their respective subsidiaries, established Tamar VPower Energy Fund I, L.P. (the “**Fund**”). Tamar VPower Holdings Limited, indirectly owned as to 50% by each of the Company and CITIC Pacific, has a wholly-owned subsidiary to act as the general partner, the special limited partner and the management company, respectively, of the Fund. The Company has committed an aggregate amount of US\$105,000,000 (equivalent to HK\$819,000,000) to subscribe for interest in the Fund through its own indirect wholly-owned subsidiary and the special limited partner of the Fund. As at 30 June 2023, the Group invested approximately HK\$819,000,000 (31 December 2022: HK\$814,877,000) in the Fund.

In September 2019, the Company and China National Technical Import & Export Corporation (“**Genertec CNTIC**”), through their respective subsidiaries, established CNTIC VPower Group Holdings Limited (“**CNTIC VPower**”), which is indirectly owned as to 50% by each of the Company and Genertec CNTIC. CNTIC VPower, together with its subsidiaries, is principally engaged in the development and operation of power generation projects in Myanmar. As at 30 June 2023, the Group invested approximately HK\$700,444,000 (31 December 2022: HK\$700,444,000) in CNTIC VPower.

On 30 June 2022, the shareholders’ agreement in respect of Genrent del Peru S.A.C. (a 51%-owned subsidiary of the Group) which terms are intended to be applicable to VPTM Iquitos S.A.C. (also a 51%-owned subsidiary of the Group, together with Genrent del Peru S.A.C., collectively, the “**Genrent Peru Group**”) was amended such that (i) the composition of the boards of directors of the subject company is shared equally between the Group and shareholders holding an aggregate of 49% equity interests in the subject company; and (ii) the shareholders’ resolutions of the subject company require consent of shareholders holding not less than two-thirds of the issued capital of the subject company. In the opinion of the directors of the Company, after the amendment of the shareholders’ agreement, the Group ceased to have control over the members of the Genrent Peru Group and they became joint ventures of the Group thereafter. Accordingly, the Group derecognised the assets and liabilities of the Genrent Peru Group and recognised its 51% equity interests in the Genrent Peru Group as interests in joint ventures.

## NOTES TO FINANCIAL STATEMENTS

30 June 2023

### 11. Trade and Bills Receivables

	<b>30 June 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
Trade receivables	<b>2,833,399</b>	2,997,402
Bills receivables	<b>1,375</b>	3,336
Impairment	<b>(97,602)</b>	(97,602)
	<b>2,737,172</b>	2,903,136

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit periods range from 30 to 360 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by the management. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

Included in the Group's trade receivables are amounts due from subsidiaries of a joint venture of HK\$1,607,511,000 (31 December 2022: HK\$1,716,533,000), with credit terms within 360 days (31 December 2022: 360 days).

An ageing analysis of the trade and bills receivables as at the end of the period, based on the invoice date and net of provisions, is as follows:

	<b>30 June 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
Within 90 days	<b>263,797</b>	566,405
91 to 180 days	<b>191,957</b>	152,765
181 to 360 days	<b>231,588</b>	328,209
Over 360 days	<b>2,049,830</b>	1,855,757
	<b>2,737,172</b>	2,903,136

## NOTES TO FINANCIAL STATEMENTS

30 June 2023

### 12. Trade and Bills Payables

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
Within 90 days	<b>52,492</b>	164,962
91 to 180 days	<b>12,073</b>	127,878
181 to 360 days	<b>66,873</b>	157,291
Over 360 days	<b>1,712,239</b>	1,595,793
	<b>1,843,677</b>	2,045,924

Included in the Group's trade payables are amounts due to subsidiaries of a joint venture of HK\$144,534,000 (31 December 2022: HK\$181,957,000), which are repayable on demand (31 December 2022: repayable on demand) and amounts due to a joint venture partner of one of the Group's joint ventures of HK\$1,537,353,000 (31 December 2022: HK\$1,537,353,000), which are repayable on demand (31 December 2022: repayable on demand).

Other trade and bills payables are non-interest-bearing and are normally settled on terms ranging from 30 to 360 days.

### 13. Interest-Bearing Bank and Other Borrowings

	<b>30 June 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
<b>Current</b>		
Bank overdraft — unsecured	<b>9,595</b>	7,641
Portions of bank loans due for repayment within one year or on demand — secured	<b>549,968</b>	553,332
Portions of bank loans due for repayment within one year or on demand — unsecured	<b>2,266,408</b>	2,297,086
Other borrowings — secured	<b>63,175</b>	63,175
	<b>2,889,146</b>	2,921,234



## NOTES TO FINANCIAL STATEMENTS

30 June 2023

### 14. Share Option Schemes

The Company adopted a pre-initial public offering share option scheme (the “**Pre-IPO Share Option Scheme**”) and a share option scheme (the “**Share Option Scheme**”) (collectively, the “**Schemes**”) on 24 October 2016 for the purpose of providing incentives and rewards to eligible participants, comprising directors, employees, advisers, consultants and business partners of the Group, for their contribution and aligning the corporate objectives and interests between the Group and its talents. The Schemes became effective on the adoption date and, unless otherwise cancelled or amended, the Share Option Scheme will remain in force for 10 years from 24 October 2016.

The principal terms of the Pre-IPO Share Option Scheme are similar to the terms of the Share Option Scheme except that (i) no further options could be granted under the Pre-IPO Share Option Scheme; and (ii) the exercise price and the exercise period of the share options are different.

Share options do not confer rights on the holders to dividends or to vote at shareholders’ meetings.

No share option was exercised during the year ended 31 December 2022. As at 31 December 2022, all options granted under the Pre-IPO Share Option Scheme had been exercised or forfeited:

	Year ended 31 December 2022	
	Weighted average exercise price per share HK\$	Number of shares of the Company issuable under the outstanding options '000
At beginning of the year	2.016	1,414
Forfeited during the year	2.016	(1,414)
At end of the year	—	—

At the end of the reporting period, the Company had no share options outstanding.

## NOTES TO FINANCIAL STATEMENTS

30 June 2023

### 15. Share Award Scheme

The Company adopted a share award scheme on 18 July 2017 (the “**Share Award Scheme**”) to recognise the contributions of employees (including without limitation any executive directors) or consultants of the Group. Pursuant to the Share Award Scheme, the Board may grant shares of the Company (the “**Awarded Shares**”) to the aforesaid persons. Subject to any early termination, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the adoption date. The maximum number of Awarded Shares which may be awarded under the Share Award Scheme shall not exceed 5% of the issued share capital of the Company from time to time. The maximum number of Awarded Shares which may be awarded to a selected person under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

The shares which may be granted under the Share Award Scheme may be new shares of the Company or shares purchased by a trustee (the “**Trustee**”) from the open market out of cash contributed by the Group.

The Trustee holds shares of the Company on trust for the selected eligible persons until such shares are vested with the selected eligible persons in accordance with the provisions of the Share Award Scheme and shall not exercise the voting rights in respect of any shares held on trust for the Group or the selected eligible persons.

During the six months ended 30 June 2023, the Group had not purchased (for the year ended 31 December 2022: purchased 5,100,000) any shares of the Company through the Trustee from the Company or open market.

The movements in the Company’s shares held under the Share Award Scheme during the period/year are as follows:

	Number of ordinary shares	Shares held under the Share Award Scheme HK\$'000
At 1 January 2022	9,487,000	35,890
Shares awarded	(920,000)	(3,479)
Purchases of shares for the Share Award Scheme	5,100,000	4,287
At 31 December 2022, 1 January 2023 and 30 June 2023	13,667,000	36,698

During the six months ended 30 June 2023, no Awarded Shares had been granted by the Board under the Share Award Scheme (for the year ended 31 December 2022: 920,000).

## NOTES TO FINANCIAL STATEMENTS

30 June 2023

### 16. Commitments

The Group had the following capital commitments at the end of the reporting period:

	<b>30 June 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
Contracted, but not provided for:		
Power generation assets	<b>27,096</b>	71,091
Capital contribution to the Fund	<b>—</b>	4,123

### 17. Related Party Transactions

(a) In addition to the balances and transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period:

	<b>Six months ended 30 June</b>	
	<b>2023 (Unaudited) HK\$'000</b>	2022 (Unaudited) HK\$'000
<b>A related company:</b>		
Lease payment*	<b>900</b>	773
<b>Subsidiaries of joint ventures:</b>		
Provision of technical services	<b>—</b>	11,009
Sales of goods	<b>2,229</b>	27,144
Interest expense <sup>#</sup>	<b>4,324</b>	1,496

\* The lease payments were charged by Orient Profit Investment Limited, a company controlled by a controlling shareholder of the Company, for the lease of staff quarters.

<sup>#</sup> Interest expense was related to the inventories purchased and loan advanced.

The above transactions were entered into based on terms mutually agreed between the relevant parties.

## NOTES TO FINANCIAL STATEMENTS

30 June 2023

### 17. Related Party Transactions (Continued)

#### (b) Commitments with related companies

On 1 January 2023, a subsidiary of the Company entered into a tenancy agreement with Orient Profit Investment Limited to rent a residential property in Hong Kong at a monthly rental of HK\$150,000, for a term of one year.

#### (c) Compensation of key management personnel of the Group

Remuneration for key management personnel of the Group, including directors' and chief executives' remuneration is as follows:

	Six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Short-term employee benefits	6,516	8,644
Post-employment benefits	45	63
Equity-settled share-based payment expense	—	800
Total compensation paid to key management personnel	6,561	9,507

### 18. Events After the Reporting Period

There has been no significant event since the end of the reporting period and up to the date of this report.

### 19. Approval of the Financial Statements

These financial statements were approved and authorised for issue by the board of directors on 1 August 2023.

## OTHER INFORMATION

### Interim Dividend

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2023 (2022: Nil).

### Corporate Governance

During the six months ended 30 June 2023, the Company had complied with the applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), except for the following deviation:

Code Provision C.2.1 in Part 2 of the Corporate Governance Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Lam Yee Chun (“**Mr. Lam**”) is currently the Executive Chairman of the Company and a Co-Chief Executive Officer (i.e. chief executive) of the Group. In view of the profound knowledge and experience of Mr. Lam in the operation and business of the Group and in the industry, the Board is of the view that it is appropriate and in the best interest of the Company to vest the roles of the Executive Chairman and a Co-Chief Executive Officer in Mr. Lam for the time being to ensure effective and efficient execution of the Group’s strategies and the management’s decisions. Besides, the existing composition of the management team and Mr. Lee Chong Man Jason’s role as the other Co-Chief Executive Officer enable the Group to achieve a balance of power and authority for Mr. Lam taking up the dual roles in the Group. The Company will review the structures of the Board and the management team as well as all relevant arrangements and measures from time to time to ensure that effective management and internal control systems are in place.

### Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiry of all directors of the Company (the “**Directors**”), the Company was not aware of any non-compliance with the required standard set out in the Model Code regarding securities transactions by the Directors during the six months ended 30 June 2023.

### Purchase, Sale or Redemption of the Company’s Listed Securities

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

### Review of Accounts

The audit committee of the Company has reviewed, among other things, the accounting principles and practices adopted by the Group, internal controls, risk management and financial reporting matters and the unaudited interim financial statements of the Group for the six months ended 30 June 2023.

## OTHER INFORMATION

### Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares and Debentures

As at 30 June 2023, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "SFO") as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code are as follows:

#### (i) Interests in the Company

Name of Director	Capacity	Number of ordinary shares held	Total	Approximate percentage of issued share capital (Note 2)
Lam Yee Chun ("Mr. Lam") (Note 3)	Interest of a controlled corporation	1,883,446,000	1,883,446,000	69.71%
	Beneficial owner	2,605,000	2,605,000	0.10%
	Interest of spouse	908,000	908,000	0.03%
Lee Chong Man Jason ("Mr. Lee")	Beneficial owner	472,000	472,000	0.01%
Lo Siu Yuen	Beneficial owner	17,611,000	17,611,000	0.65%
Chan Mei Wan ("Ms. Chan") (Note 4)	Beneficial owner	908,000	908,000	0.03%
	Interest of spouse	1,886,051,000	1,886,051,000	69.81%

Notes:

- All the above interests in the shares of the Company were long positions. None of the Directors and the chief executives of the Company held any short positions in the shares or underlying shares of the Company as at 30 June 2023.
- Based on 2,701,693,013 shares of the Company in issue as at 30 June 2023.
- Mr. Lam directly holds the entire issued share capital of Sunpower Global Limited which holds approximately 58.87% of the entire issued share capital of Konwell Developments Limited. Konwell Developments Limited holds the entire issued share capital of Energy Garden Limited. Therefore, Mr. Lam is deemed to have interest in 1,883,446,000 shares of the Company held by Energy Garden Limited.  
  
Mr. Lam is the spouse of Ms. Chan. Under Divisions 2 and 3 of Part XV of the SFO, Mr. Lam is deemed to have interest in the 908,000 shares in the Company in which his spouse has interest.
- Ms. Chan is the spouse of Mr. Lam. Under Divisions 2 and 3 of Part XV of the SFO, Ms. Chan is deemed to have interest in the 1,886,051,000 shares in the Company in which her spouse has interest.

## OTHER INFORMATION

### (ii) Interests in Associated Corporations

Name of Director	Name of associated corporation	Number of shares held	Approximate percentage of shareholding interest
Mr. Lam	Sunpower Global Limited	1	100%
Mr. Lam	Konwell Developments Limited	5,724	58.87% <sup>(1)</sup>
Mr. Lam	Energy Garden Limited	100	58.87% <sup>(2)</sup>
Ms. Chan	Konwell Developments Limited	2,000	20.57% <sup>(3)</sup>
Mr. Lee	Konwell Developments Limited	1,000	10.28% <sup>(4)</sup>

*Notes:*

1. Through his controlling interests in Sunpower Global Limited
2. Through his controlling interests in Konwell Developments Limited
3. Through her interests in Classic Legend Holdings Limited
4. Through his interests in Jet Lion Holdings Limited

Save as disclosed above, as at 30 June 2023, none of the Directors or the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### Share Option Scheme

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 24 October 2016 for the purpose of providing incentives and rewards to eligible participants (comprising directors, employees, advisers, consultants and business partners of the Group) for their contribution, and aligning the corporate objectives and interests between the Group and its key talents.

The maximum number of shares of the Company (the “**Shares**”) which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other options granted and yet to be exercised under any other option scheme shall not exceed 30% of the issued share capital of the Company from time to time. The maximum number of Shares which may be issued upon exercise of all options that may be granted under the Share Option Scheme and other share option schemes shall not in aggregate exceed 10% of the issued share capital of the Company as of the date of listing of the Shares on the Stock Exchange under the existing mandate. On this basis, 252,085,000 new Shares, representing approximately 9.33% of the total number of Shares in issue as at the date of this report, were available for issue under the Share Option Scheme. The maximum number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme to any one person (including exercised and outstanding options) in any 12-month period shall not exceed 1% of the number of Shares in issue from time to time.

## OTHER INFORMATION

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised in general. However, at the time of granting any option, the Board may, on a case by case basis, make such grant subject to such conditions, restrictions or limitations including (without limitation) those in relation to the minimum period of the options to be held and/or the performance targets to be achieved as the Board may determine in its absolute discretion. A grantee is required to pay HK\$1 upon acceptance of the offer of options. The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of:

- (i) the closing price of a Share as stated in the Stock Exchange's daily quotation sheet on the date of grant of the relevant option;
- (ii) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of grant of the relevant option; and
- (iii) the nominal value of a Share on the date of grant of the relevant option.

The Share Option Scheme shall be valid and effective for a period of 10 years from the adoption date and with a remaining life of approximately 3 years, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All options granted prior to the termination of the Share Option Scheme and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme.

As at 30 June 2023, no option had yet been granted by the Board under the Share Option Scheme since its adoption.

## Share Award Scheme

The Company adopted a share award scheme on 18 July 2017 (the "**Share Award Scheme**") for the purpose of providing incentives and rewards to employees (including without limitation any executive directors) or consultants of the Group to recognise their contributions. Pursuant to the Share Award Scheme, the Board may grant Shares (the "**Awarded Shares**") to the aforesaid persons. Subject to any early termination, the Share Award Scheme shall be valid and effective for a term of 10 years commencing from the adoption date and with a remaining life of approximately 4 years. The maximum number of Awarded Shares which may be granted under the Share Award Scheme (in the form of new Shares or existing Shares) shall not exceed 5% of the issued share capital of the Company from time to time, being 119,644,650 Shares as at both 1 January 2023 and 30 June 2023. The maximum number of Awarded Shares which may be granted to a selected person under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

As at 30 June 2023, 13,666,803 Shares were held by the trustee on trust for the selected eligible persons.

For the six months ended 30 June 2023, no Awarded Shares had been granted by the Board under the Share Award Scheme.

Under the amended provisions of Chapter 17 of the Listing Rules effective on 1 January 2023, the grant of the Awarded Shares in the form of new Shares under the Share Award Scheme requires Shareholders' mandate.



## OTHER INFORMATION

### Substantial Shareholders' and Other Person's Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2023, so far as is known to the Directors and the chief executives of the Company, the interests and short positions of the substantial shareholders/other persons, other than Directors or chief executives of the Company, in the Shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO are as follows:

Name of Shareholder	Capacity	Number of ordinary shares held (Note 1)	Approximate percentage of the issued share capital (Note 2)
Energy Garden Limited (" <b>Energy Garden</b> ")	Beneficial owner	1,883,446,000	69.71%
Konwell Developments Limited (" <b>Konwell</b> ")	Interest of a controlled corporation	1,883,446,000 (Note 3)	69.71%
Sunpower Global Limited (" <b>Sunpower</b> ")	Interest of a controlled corporation	1,883,446,000 (Note 4)	69.71%
CITIC Group Corporation (" <b>CITIC Group</b> ")	Interest of a controlled corporation	208,768,000 (Notes 5, 6)	7.73%
CITIC Polaris Limited (" <b>CITIC Polaris</b> ")	Interest of a controlled corporation	208,768,000 (Notes 5, 6)	7.73%
CITIC Glory Limited (" <b>CITIC Glory</b> ")	Interest of a controlled corporation	208,768,000 (Notes 5, 6)	7.73%
CITIC Limited (" <b>CITIC</b> ")	Interest of a controlled corporation	208,768,000 (Notes 5, 6)	7.73%
CITIC Pacific Limited (" <b>CITIC Pacific</b> ")	Interest of a controlled corporation	208,768,000 (Notes 5, 6)	7.73%
Master Wise Holdings Corp. (" <b>Master Wise</b> ")	Interest of a controlled corporation	208,768,000 (Notes 5, 6)	7.73%
Next Admiral Limited (" <b>Next Admiral</b> ")	Beneficial owner	208,768,000 (Notes 5, 6)	7.73%
China General Technology (Group) Holding Co., Ltd. (" <b>GT-PRC</b> ")	Interest of a controlled corporation	3,290,457,511 (Note 7)	121.79%
China National Technical Import & Export Corporation (" <b>Genertec CNTIC</b> ")	Beneficial owner	3,290,457,511 (Note 7)	121.79%

Notes:

- All the above interests in the Shares and underlying shares of the Company were long positions.
- Based on 2,701,693,013 Shares in issue as at 30 June 2023.
- Konwell holds 100% of the total issued share capital of Energy Garden and therefore Konwell is deemed to have interest in the 1,883,446,000 Shares held by Energy Garden.
- Sunpower directly holds approximately 58.87% of the total issued share capital of Konwell and therefore Sunpower is deemed to have interest in the 1,883,446,000 Shares held by Energy Garden.

Mr. Lam directly holds the entire issued share capital of Sunpower and therefore Mr. Lam is deemed to have interest in the 1,883,446,000 Shares held by Energy Garden. Mr. Lam is the sole director of Konwell and Sunpower. Both of Mr. Lam and Ms. Chan are the directors of Energy Garden.

## OTHER INFORMATION

5. CITIC Group holds 100% of CITIC Polaris and CITIC Glory, which in turn controls approximately 32.53% and approximately 25.60% of CITIC, respectively. CITIC holds 100% of CITIC Pacific, which in turn holds 100% of Master Wise. Master Wise holds 100% of the equity interest of Next Admiral.

Mr. Wong Kwok Yiu, a non-executive Director of the Company, is a director of Next Admiral.

6. Such figures were recorded based on the confirmation from Next Admiral on the number of Shares held by Next Admiral.
7. Genertec CNTIC was interested in the 3,290,457,511 Shares being the number of Shares conditionally agreed to be subscribed for by Genertec CNTIC pursuant to the subscription agreement entered into between the Company and Genertec CNTIC dated 12 June 2023. GT-PRC holds 100% of Genertec CNTIC and therefore GT-PRC is deemed to have interest in the 3,290,457,511 Shares held by Genertec CNTIC.

Save as disclosed above, as at 30 June 2023, the Company had not been notified of any interests or short positions in the shares or underlying shares of the Company as recorded in the register of the Company required to be kept under Section 336 of the SFO.

## Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% (that is, the prescribed public float applicable to the Company as required under the Listing Rules) of the issued Shares were held by the public as at the date of this report.

## Deed of Non-Competition

On 24 October 2016, a deed of non-competition was entered into among Mr. Lam Yee Chun, Ms. Chan Mei Wan, Sunpower Global Limited, Classic Legend Holdings Limited, Konwell Developments Limited and Energy Garden Limited (the “**Controlling Shareholder(s)**”), Sharkteeth Investments Limited and the Company in favour of the Company (for itself and as trustee for other members of the Group), under which the Controlling Shareholders have undertaken to the Company that they will not, and will use their best endeavours to procure that none of their respective associates (other than members of the Group) will, directly or indirectly or as principal or agent, either on their own account or with each other or in conjunction with or on behalf of any person, firm or company or through any entities (except in or through any members of the Group),

- carry on, engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business which is in competition, directly or indirectly, with or is likely to be in competition, directly or indirectly, with the Business (as defined below) (the “**Restricted Business**”), whether as a shareholder, director, officer, partner, agent, lender, employee, consultant or otherwise; and
- take any action which interferes with or disrupts or may interfere with or disrupt the Business of the Group including, but not limited to, solicitation of any of the then current customers, suppliers or employees from any members of the Group.

For the purpose of the deed of non-competition, our “Business” is defined to cover:

- (a) the design, integration and sale of gas-fired and diesel-fired gen-sets and power generation systems; and
- (b) the design, investment in, building, leasing and operation of distributed power generation stations.

## OTHER INFORMATION

The deed of non-competition does not apply to:

- (a) the carrying on, engagement or participation in certain power generation business carried on by Sharkteeth Investments Limited whether directly or indirectly through VPower Technology Chad Limited;
- (b) the relevant Controlling Shareholder's holding in the shares of a company where:
  - the total number of shares held by the Controlling Shareholders does not exceed 10% of the issued shares of such company which is or whose holding company is listed on a stock exchange; or
  - any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of its consolidated turnover or consolidated assets, as shown in its latest audited accounts; and
- (c) the Business Opportunity which the Company has confirmed that it does not intend to pursue in accordance with the terms of the deed of non-competition (the "**Forgone Business Opportunity**").

The Controlling Shareholders have further undertaken to procure that any new business investment or other business opportunity relating to the Business (the "**Business Opportunity**") identified by or made available to them or any of their associates, they shall and shall procure that their associates shall refer such Business Opportunity to the Company on a timely basis in accordance with the terms of the deed of non-competition.

To eliminate any potential competition, the Controlling Shareholders have also granted the Company a right, which is exercisable during the term of the deed of non-competition, to acquire the Excluded Business and/or any Forgone Business Opportunity owned by the Controlling Shareholders in accordance with the terms of the deed of non-competition.

The respective obligations of each of the Controlling Shareholders under the deed of non-competition shall terminate on the earliest of (i) the Shares cease to be listed on the Stock Exchange; and (ii) the Controlling Shareholders and their associates (other than members of the Group), individually or jointly, cease to hold or control, directly or indirectly, 30% or more of the entire issued share capital of the Company.

## Disclosure of the Information of the Directors Pursuant to Rule 13.51(B)(1) of the Listing Rules

Pursuant to rule 13.51B(1) of the Listing Rules, changes in the information of the Directors required to be disclosed in this report pursuant to paragraphs (a) to (e) and (g) of rule 13.51(2) of the Listing Rules since the publication of the Company's annual report for the year ended 31 December 2022 are as follows:

1. Mr. Wong Kwok Yiu's current position was changed from assistant director to director of the business development department of CITIC Pacific Limited, a wholly-owned subsidiary of CITIC Limited (listed on the Stock Exchange, stock code: 267) in May 2023; and
2. Mr. David Tsoi resigned as an independent non-executive director of Guoen Holdings Limited (formerly known as Guru Online (Holdings) Limited) (listed on the Stock Exchange, stock code: 8121) in August 2023.

# CORPORATE INFORMATION

## Board of Directors

### Executive Directors

Mr. Lam Yee Chun  
*(Executive Chairman and Co-Chief Executive Officer)*  
Mr. Lee Chong Man Jason  
*(Co-Chief Executive Officer)*  
Mr. Lo Siu Yuen

### Non-Executive Directors

Ms. Chan Mei Wan  
*(Vice Chairwoman)*  
Mr. Wong Kwok Yiu

### Independent Non-Executive Directors

Mr. David Tsoi  
Mr. Yeung Wai Fai Andrew  
Mr. Suen Wai Yu

## Board Committees

### Audit Committee

Mr. David Tsoi *(Chairman)*  
Ms. Chan Mei Wan  
Mr. Yeung Wai Fai Andrew

### Remuneration Committee

Mr. Yeung Wai Fai Andrew *(Chairman)*  
Ms. Chan Mei Wan  
Mr. Suen Wai Yu

### Nomination Committee

Mr. Suen Wai Yu *(Chairman)*  
Mr. Lam Yee Chun  
Mr. David Tsoi

## Company Secretary

Ms. Wong Wai Man

## Auditor

Ernst & Young  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*

## Principal Bankers

Bank of China (Hong Kong) Limited  
Citibank, N.A.  
Standard Chartered Bank (Hong Kong) Limited  
The Hongkong and Shanghai Banking Corporation Limited  
United Overseas Bank Limited

## Registered Office

Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## Head Office and Principal Place of Business

Units 2701-05, 27/F  
Office Tower 1  
The Harbourfront  
18-22 Tak Fung Street  
Hung Hom  
Kowloon  
Hong Kong

## Principal Share Registrar and Transfer Agent

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## Branch Share Registrar

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716  
17/F, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## Company Website

[www.vpower.com](http://www.vpower.com)

## Stock Code

1608