THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in VPower Group International Holdings Limited (the "**Company**"), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank manager, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

VPOWER GROUP INTERNATIONAL HOLDINGS LIMITED
偉能集團國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1608)

(1) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION; (2) CONTINUING CONNECTED TRANSACTIONS; AND (3) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial adviser to the Company

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

INCU Corporate Finance Limited

Capitalised terms used in this cover page have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 9 to 42 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 43 to 44 of this circular. A letter from INCU Corporate Finance Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 45 to 91 of this circular.

A notice convening the EGM to be held at Units 2701–05, 27/F, Office Tower 1, The Harbourfront, 18–22 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Wednesday, 6 November 2024 at 11:00 a.m. is set out on pages EGM-1 to EGM-4 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish and in such event, the form of proxy will be deemed to be revoked.

18 October 2024

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In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Appraised Value"	the value of the Equipment and the Last Batch Equipment (as the case may be) in the Valuation Reports
"associate(s)"	the meaning as defined in the Listing Rules
"Board"	the board of Directors
"Business Day(s)"	a day (other than a Saturday or Sunday or statutory public holiday in Hong Kong or the PRC and a day on which a typhoon signal number 8 or above or a black rainstorm is hoisted in Hong Kong at any time) on which the Stock Exchange is open for the transaction of business and on which the banks are open for business in Hong Kong and the PRC
"Buyer 1"	CNTIC Capital
"Buyer 2"	CNTIC
"Buyers"	Buyer 1 and Buyer 2, buyers of the Equipment and the Last Batch Equipment
"Central SASAC"	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
"Closing"	closing of the disposal of the Equipment in accordance with the Equipment Purchase Agreement
"Closing Date"	the date on which the Closing occurs
"CNTIC"	China National Technical Import & Export Corporation (中國技術進出口集團有限公司), a wholly owned subsidiary of Genertec which is under the direct supervision of Central SASAC
"CNTIC Capital"	CNTIC Capital (Hong Kong) Co., Limited (中技資本香港有限公司), a company incorporated in Hong Kong with limited liability and a 95% owned subsidiary of CNTIC
"CNTIC Group"	CNTIC, its subsidiaries and associates from time to time
"Company"	VPower Group International Holdings Limited (偉能集團國際控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1608) and the parent company of the Sellers

"connected person(s)"	the meaning as defined in the Listing Rules
"Date of Shareholders' Approval for EPC"	the date of EGM on which the EPC Proposed Caps and the transactions contemplated under the EPC Services Framework Agreement having been approved by the Independent Shareholders by way of poll in compliance with the Listing Rules
"Date of Shareholders' Approval for ETS"	the date of EGM on which the ETS Proposed Caps and the transactions contemplated under the ETS Supply Framework Agreement having been approved by the Independent Shareholders by way of poll in compliance with the Listing Rules
"Director(s)"	director(s) of the Company
"Disposal"	the disposal of the Equipment and the Last Batch Equipment (if applicable) by the Sellers to the Buyers pursuant to the Equipment Purchase Agreement
"Draft Valuation Report(s)"	the draft valuation report(s) of the Equipment and the Last Batch Equipment prepared by the Valuer
"EGM"	the extraordinary general meeting of the Company to be convened and held at Units 2701–05, 27/F, Office Tower 1, The Harbourfront, 18–22 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Wednesday, 6 November 2024 at 11:00 a.m. to consider and, if thought fit, approve, among other things, the Equipment Purchase Agreement, the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement, the transactions contemplated thereunder and the Proposed Caps
"EPC"	engineering, procurement and construction
"EPC Contractor Services"	a particular form of contracting arrangement where the contractor is made responsible for all the activities from design, procurement, construction, to commissioning and handover of the project to the end-user or owner
"EPC Proposed Cap(s)"	the annual cap(s) for the transactions contemplated under the EPC Services Framework Agreement

"EPC Services"	the EPC Contractor Services and the engineering, procurement and construction services, on a separate engagement basis, which the CNTIC Group may provide to the Group under the EPC Services Framework Agreement
"EPC Services CCT"	the continuing connected transactions contemplated under the EPC Services Framework Agreement
"EPC Services Framework Agreement"	the framework agreement dated 4 September 2024 entered into between CNTIC as the supplier and the Company as the purchaser in relation to the procurement of the EPC Services by the Company (for itself and on behalf of Group) from CNTIC (for itself or on behalf of the other members of the CNTIC Group)
"Equipment"	collectively the Equipment Batch 1 and the Equipment Batch 2 or any of them
"Equipment and Technical Services" or "ETS"	the equipment and related accessories and technical services as may be provided by the Group to the CNTIC Group under the ETS Supply Framework Agreement
"Equipment Batch 1"	the equipment identified in the Equipment Purchase Agreement to be sold by VGH to Buyer 1 as described in the section headed "Information about the Equipment and the Last Batch Equipment" in the letter from the Board of this circular and refers to the same batch of equipment identified as the Lease Equipment
"Equipment Batch 1 Price"	the US$ equivalent of RMB610,488,119 (approximately HK$671,537,000) (as finally determined based on the Appraised Value of the Equipment)
"Equipment Batch 2"	the equipment identified in the Equipment Purchase Agreement to be sold by the Sellers to Buyer 2 (and/or its subsidiaries and/or associates) as described in the section headed "Information about the Equipment and the Last Batch Equipment" in the letter from the Board of this circular
"Equipment Batch 2 Price"	an aggregate price of RMB660,811,889 (approximately HK$726,893,000) (as finally determined based on the Appraised Value of the Equipment)

"Equipment Lease Agreement(s)"	the lease agreement(s) to be entered into between the relevant member(s) of the Group on the one hand and CNTIC Capital (and/or its subsidiaries and/or its associates) on the other hand, containing the detailed terms and conditions governing the leases contemplated under the Equipment Lease Framework Agreement
"Equipment Lease Framework Agreement"	the leasing framework agreement dated 4 September 2024 entered into between CNTIC Capital and the Company in relation to the Leasing
"Equipment Purchase Agreement"	the equipment purchase agreement dated 4 September 2024 entered into between the Buyers and the Sellers in relation to the Disposal
"ETS Proposed Cap(s)"	the annual cap(s) for the transactions contemplated under the ETS Supply Framework Agreement
"ETS Supply CCT"	the continuing connected transactions contemplated under the ETS Supply Framework Agreement
"ETS Supply Framework Agreement"	the framework agreement dated 4 September 2024 entered into between CNTIC as purchaser and the Company as supplier in relation to the Equipment and Technical Services provided by the Company (for itself and on behalf of the Group) to CNTIC (by itself or on behalf of the CNTIC Group)
"Existing Annual Cap"	the annual cap for the transactions contemplated under the Gen-sets Supply Framework Agreement
"Framework Agreements"	the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement
"Genertec"	China General Technology (Group) Holding Co., Ltd. (中國通用技術(集團)控股有限責任公司), a company incorporated in the PRC and the parent company of CNTIC
"Gen-sets Supply Framework Agreement"	the framework agreement dated 23 May 2024 entered into between VH and CNTIC in relation to the supply of the gen-sets by VH to CNTIC for a period of twelve months ending 22 May 2025
"Group"	the Company and its subsidiaries

"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	a committee of the Board comprising all independent non-executive Directors, namely Mr. Suen Wai Yu, Dr. Wang Zheng and Dr. Lin Tun as members
"Independent Financial Adviser"	INCU Corporate Finance Limited, a licensed corporation permitted to carry on type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Equipment Purchase Agreement, the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement, the transactions contemplated thereunder and the Proposed Caps
"Independent Shareholders"	the Shareholders other than CNTIC and its associates and those Shareholders who have a material interest in the Equipment Purchase Agreement, the Equipment Lease Framework Agreement, the EPC Services Framework Agreement or the ETS Supply Framework Agreement and who are required to abstain from voting in the EGM on the relevant resolutions
"independent third party(ies)"	persons and entities that are not connected persons of the Company
"Last Batch Equipment"	the equipment identified in the Equipment Purchase Agreement to be sold by VGH and VH to Buyer 2 (and/or its subsidiaries and/or associates) as described in the section headed "Information about the Equipment and the Last Batch Equipment" in the letter from the Board of this circular
"Last Batch Equipment Closing"	the closing and completion of each batch of the sale and purchase of the relevant Last Batch Equipment in accordance with the Equipment Purchase Agreement
"Last Batch Equipment Closing Date"	the respective date when the duly signed bill of sale in respect of the relevant Last Batch Equipment has been delivered in accordance with the Equipment Purchase Agreement

"Last Batch Equipment Price"	an aggregate price of RMB341,668,962 (approximately HK$375,836,000) (as finally determined based on the Appraised Value of the Last Batch Equipment)
"Last Batch Equipment Purchase Notice"	a notice in writing from Buyer 2 (and/or its subsidiaries and/or associates) to VGH and/or VH specifying the details of the specific sub-batch(es) of the Last Batch Equipment (in such mutually agreed configuration) that would be purchased
"Last Purchase Date"	30 June 2025 (or any other date as may be agreed by the parties to the Equipment Purchase Agreement)
"Latest Practicable Date"	15 October 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Lease Equipment"	the mobile power generating sets and ancillary equipment and accessories as set out in the Equipment Lease Framework Agreement, same as the Equipment Batch 1
"Leasing"	leasing of the Lease Equipment from the Lessor Entity (or any of its subsidiaries or any of its associate(s) against which it shall procure the entering of such leases) to the Lessee Entity (or any such other members of the Group) pursuant to the Equipment Lease Framework Agreement
"Leasing CCT"	the continuing connected transactions contemplated under the Equipment Lease Framework Agreement
"Leasing Proposed Cap(s)"	the annual cap(s) for the transactions contemplated under the Equipment Lease Framework Agreement
"Lessee Entity"	the Company
"Lessor Entity"	CNTIC Capital
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	31 October 2024 (or such other date as may be agreed by the parties to the Equipment Purchase Agreement) as set out in the Equipment Purchase Agreement

"Necessary Approvals"	all necessary licenses, consents and approvals of, notices to and filings or registrations with any governmental authority or any other person required pursuant to any applicable laws, or pursuant to any contract binding on any of the Sellers or the Equipment and the Last Batch Equipment (if applicable)
"PRC"	The People's Republic of China and for the sole purpose of this circular shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Price"	the sum of RMB1,271,300,008 (approximately HK$1,398,430,000) of the Equipment Batch 1 Price and the Equipment Batch 2 Price to be paid by the Buyers to purchase the Equipment (as finally determined based on the Appraised Value of the Equipment)
"Proposed Caps"	the Leasing Proposed Caps, the EPC Proposed Caps and the ETS Proposed Caps
"Remaining Group"	the Group immediately after completion of the Disposal
"Revised Draft Valuation Report(s)"	the revised draft valuation report(s) delivered to the Buyers by each of the Sellers within 30 days after the date of the Equipment Purchase Agreement
"RMB"	Renminbi, the lawful currency of the PRC
"Seller(s)"	VGH, VH and VML, sellers of the Equipment and the Last Batch Equipment
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Transaction Documents"	the Equipment Purchase Agreement, the relevant bills of sale in respect of the Equipment and the Last Batch Equipment and all other documents relating to or provided in connection with the Equipment Purchase Agreement or any of the foregoing executed in connection herewith or therewith, as the same may be modified, amended, extended or replaced

"US$"	United States Dollar(s), the lawful currency of the United States of America
"Valuation"	the valuation of the Equipment and the Last Batch Equipment as at 30 June 2024 performed by the Valuer
"Valuation Report(s)"	the finalised valuation report(s) prepared by the Valuer, the summary of which is set out in Appendix III to this circular
"Valuer"	China Enterprise Appraisals Consultation Co., Ltd., an independent valuer engaged by the Company for the Valuation
"VGH"	VPower Group Holdings Limited (偉能集團控股有限公司), a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company and one of the Sellers
"VH"	VPower Holdings Limited (偉能集團有限公司), a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company and one of the Sellers
"VML"	VPower Myanmar Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company and one of the Sellers
"%"	per cent.

Unless otherwise specified in this circular and for the purpose of illustration only, amounts in US$ have been translated to HK$ at the rate of US$1=HK$7.8 and amounts in RMB have been translated into HK$ at the rate of RMB1=HK$1.10.

VPOWER GROUP INTERNATIONAL HOLDINGS LIMITED
偉能集團國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1608)

Executive Directors:
Mr. Gao Zhan *(Chairman)*
Mr. Lam Yee Chun *(Chief Executive Officer)*
Mr. Lu Weijun
Mr. Li Haifeng
Mr. Jin Jiantang

Non-executive Director:
Mr. Wong Kwok Yiu

Independent Non-executive Directors:
Mr. Suen Wai Yu
Dr. Wang Zheng
Dr. Lin Tun

Registered Office:
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Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Head Office and Principal Place of Business in Hong Kong:
Units 2701–05, 27/F
Office Tower 1
The Harbourfront
18–22 Tak Fung Street
Hung Hom
Kowloon
Hong Kong

18 October 2024

To the Shareholders

Dear Sir or Madam,

(1) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION; (2) CONTINUING CONNECTED TRANSACTIONS; AND (3) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 4 September 2024 in relation to, among other things, the Equipment Purchase Agreement, the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement.

The purpose of this circular is to provide you with, among other things, (i) details of the Equipment Purchase Agreement, the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement, the transactions contemplated thereunder and the Proposed Caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) a notice of the EGM; and (v) other information required to be included in this circular in accordance with the requirements of the Listing Rules.

EQUIPMENT PURCHASE AGREEMENT

Background

On 4 September 2024 (after trading hours), CNTIC Capital as Buyer 1, CNTIC as Buyer 2 for itself and on behalf of its subsidiaries or associates and VGH, VH and VML as Sellers entered into the Equipment Purchase Agreement, pursuant to which, each of the Sellers agreed to sell to the Buyers, and each of the Buyers agreed to purchase from the Seller, the Equipment and, in the case of the Last Batch Equipment, Buyer 2 further agreed for itself and on behalf of its subsidiaries or associates to purchase and each of VGH and VH further agreed to sell such Last Batch Equipment, free from all encumbrances, on an "as is" and "where is" basis.

The principal terms of the Equipment Purchase Agreement are set out below:

Date

4 September 2024 (after trading hours)

Parties

(i) CNTIC Capital, as Buyer 1;

(ii) CNTIC, as Buyer 2 for itself and on behalf of its subsidiaries or associates;

(iii) VGH, as a Seller;

(iv) VH, as a Seller; and

(v) VML, as a Seller.

Subject matter

Subject to the terms and conditions of the Equipment Purchase Agreement,

(i) Buyer 1 agreed to purchase the Equipment Batch 1 and VGH agreed to sell the Equipment Batch 1 on an "as is" and "where is" basis for a price of the US$ equivalent of RMB610,488,119 (approximately HK$671,537,000) (as finally determined based on the Appraised Value of the Equipment);

(ii) Buyer 2 agreed for itself and on behalf of its subsidiaries or associates to purchase the Equipment Batch 2 and the Sellers agreed to sell the Equipment Batch 2 on an "as is" and "where is" basis for an aggregate price of RMB660,811,889 (approximately HK$726,893,000) (as finally determined based on the Appraised Value of the Equipment); and

(iii) Buyer 2 further agreed for itself and on behalf of its subsidiaries or associates to purchase the Last Batch Equipment which comprises certain sub-batches of equipment, and VGH and VH further agreed to sell the Last Batch Equipment on an "as is" and "where is" basis for an aggregate price of RMB341,668,962 (approximately HK$375,836,000) (as finally determined based on the Appraised Value of the Last Batch Equipment) upon fulfilment of further conditions as set out in the section headed "Equipment Purchase Agreement — Last Batch Equipment Closing" below.

Price and Last Batch Equipment Price

The Price of RMB1,271,300,008 (approximately HK$1,398,430,000), (RMB610,488,119 (approximately HK$671,537,000) of which shall be paid in the US$ equivalent), being the sum of the Equipment Batch 1 Price and the Equipment Batch 2 Price (as finally determined in accordance with the section headed "Equipment Purchase Agreement — Price Adjustment" below), shall be paid by the Buyers on the Closing Date.

The Last Batch Equipment Price of RMB341,668,962 (approximately HK$375,836,000) (as finally determined based on the Appraised Value of the Last Batch Equipment) is the aggregate price of the sub-batches of the Last Batch Equipment. The purchase price of a sub-batch of the Last Batch Equipment shall be paid by Buyer 2 (and/or its subsidiaries and/or associates) on the relevant closing date(s) according to the Last Batch Equipment Purchase Notice.

The Price and the Last Batch Equipment Price were determined after arm's length negotiations among the parties to the Equipment Purchase Agreement with reference to the aggregate valuation of the Equipment and Last Batch Equipment of RMB1,612,968,970 (approximately HK$1,774,266,000) as at 30 June 2024, being the effective date of the Valuation, based on the Valuation Reports. The Price and the Last Batch Equipment Price (as finally determined based on the Appraised Value of the Equipment and the Last Batch Equipment) shall be settled by way of banker's cheque or cashier's order drawn from a bank or by telegraphic transfer to a designated account as directed by the Sellers.

Price Adjustment

Within 30 days after the date of the Equipment Purchase Agreement, each of the Sellers shall use reasonable best efforts to obtain and deliver to the Buyers the Revised Draft Valuation Reports. Upon mutual confirmation and acceptance of the Revised Draft Valuation Reports, such Revised Draft Valuation Reports shall be designated as the Valuation Reports.

To the extent that the Price and the Last Batch Equipment Price deviates from its Appraised Value, the parties shall make adjustments to the Price and the Last Batch Equipment Price and agree to adjust and fix the final price (the "**Final Price**") to align with the Appraised Value of the Equipment and the Last Batch Equipment. On this basis, the Final Price (being the sum of the Price and the Last Batch Equipment Price) is RMB1,612,968,970 (approximately HK$1,774,266,000), which is the Appraised Value of the Equipment and the Last Batch Equipment.

Valuation

The Company has engaged the Valuer, a registered valuer in the PRC, to conduct valuation on the Equipment and the Last Batch Equipment and to prepare the Valuation Reports.

The Valuer has confirmed its independence from the Group and it is certified with relevant professional qualifications required to perform the Valuation. Mr. Li Yonggang, being the person-in-charge of the Valuation, has over 22 years of experience in valuation industry. He is a Chinese Public Valuer (CPV), Certified Practising Accountant (CPA) Australia, a member of Royal Institution of Chartered Surveyors (MRICS), Chinese Merger and Acquisition Analyst (CD), and a nomination committee member of the International Valuation Standards Council (IVSC), and an expert member of the World Association of Valuation Organisations (WAVO).

The scope of work performed by the Valuer includes preparation for assessment, on-site inspections, data collection from various sources, asset value estimations and internal audits prior to the issuance of the Valuation Reports. There are no limitations on their scope of work noted. The Valuer obtained relevant financial information, operational information and other relevant data concerning the Equipment and the Last Batch Equipment from the Company.

In arriving at the Appraised Value, the Valuer considered cost approach, market approach and income approach. According to the Valuation Reports, considering that (i) there is no active trading market for the relevant used equipment; (ii) the future revenue from the relevant used equipment is uncertain; and (iii) their resetting costs and associated depreciations can be reasonably estimated and obtained, the Valuer adopted the cost approach in arriving the Valuation.

The principal assumptions of the Valuation set forth in the Valuation Reports are summarised as follows:

1. the Equipment and the Last Batch Equipment are in the process of being traded, and the Valuer's estimates are based on simulated markets including the transaction conditions of the Equipment and the Last Batch Equipment;

2. the Equipment and the Last Batch Equipment are traded in the market, or intended for market transactions, where the parties in the asset transaction are in equal positions, have opportunities and time to obtain sufficient market information, engage in voluntary and rational transactions, and are able to make sensible judgments on the function, uses, and transaction prices of the assets;

3. there will be no significant changes in the political, economic, and social environments of countries and regions after the benchmark date of the Valuation;

4. there will be no significant changes in national macroeconomic policies, industrial policies, and regional development policies after the benchmark date of the Valuation;

5. there will be no significant changes after the benchmark date of the Valuation in relevant factors such as interest rates, exchange rates, tax bases and rates, policy-related levies, etc;

6. unless stated otherwise, the relevant company fully complies with all relevant laws and regulations;

7. there will be no major adverse impacts caused by force majeure after the benchmark date of the Valuation; and

8. unless stated otherwise, the Equipment Batch 1 will be utilised in the same location as its original intended use, while the Equipment Batch 2 and the Last Batch Equipment will be either utilised in the same location or different locations as their original intended use.

The respective valuation of the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment is summarised as follows:

	Equipment Batch 1	**Equipment Batch 2**	**Last Batch Equipment**
	RMB	*RMB*	*RMB*
Equipment purchase costs[Note 1] (A)	1,087,582,329	1,040,671,049	542,573,132
Integrated depreciation rate[Note 2] (B)	56.1%	63.5%	63.0%
Appraised value = (A) × (B)	610,488,119	660,811,889	341,668,962
Net book value as at 30 June 2024[Note 3]	491,495,860	500,773,070	286,880,569
Appreciation rate	24.2%	32.0%	19.1%

Notes:

1. The equipment purchase costs mainly include free on board (FOB) offshore purchase costs along with associated expenses including overseas transportation fee, insurance fee, customs duty, bank financial fee, import agency fee and domestic miscellaneous transportation fee.

2. The integrated depreciation rate represents the weighted average remaining useful years of the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment (the "**Weighted Average Remaining Useful Years**") divided by the sum of the Weighted Average Remaining Useful Years and the weighted average years already used for the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment.

3. The net book value of the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment has been translated into RMB at the rate of HK$1=RMB0.91268, which is the exchange rate published by the People's Bank of China as at 28 June 2024.

Based on the above table, the appreciation is mainly attributable to (i) the increase in FOB offshore purchase costs of the Equipment and the Last Batch Equipment; and (ii) the adoption of longer useful economic life of the Equipment and the Last Batch Equipment in the Valuation than their depreciation period adopted in the financial statements of the Company.

The Directors have also reviewed and considered the Valuation Reports, the methodology adopted, the basis and major assumptions and quantitative inputs used in arriving at the Valuation and the rationale of the Valuer for adopting the replacement cost approach for the Valuation.

There are no irregularities noted by the Directors in relation to the quantitative inputs in the Valuation and the Directors consider the methodology adopted for and the basis and major assumptions and quantitative inputs used in the Valuation to be fair and reasonable.

Conditions

The obligation of the parties to the Equipment Purchase Agreement to consummate the sale and purchase of the Equipment and the Last Batch Equipment, if applicable, is subject to the satisfaction (or waiver in writing by the Buyers, where applicable) of each of the following conditions:

(i) each of the representations, warranties and covenants of each of the Sellers contained in the Equipment Purchase Agreement shall have been true, accurate and complete in all material aspects when made and shall be true, accurate and complete in all material aspects on and as of the Closing Date and the respective Last Batch Equipment Closing Date (as may be applicable) with the same effect as though such representations, warranties and covenants had been made on and as of the Closing Date and the respective Last Batch Equipment Closing Date (as may be applicable), except in either case for those warranties that address matters only as of a particular date, which warranties will have been true and complete as of such date;

(ii) each of the Sellers shall have entered into and delivered the Transaction Documents in the form and substance satisfactory to the Buyers;

(iii) each of the Sellers shall have obtained or made the Necessary Approvals and such Necessary Approvals as may be required to transfer and assign the registered, legal and beneficial ownership interest in the Equipment and the Last Batch Equipment

(if applicable) in full to the Buyers, and further that all such Necessary Approvals shall remain valid, unconditional (wherein any conditions related to the Necessary Approvals shall be customary and acceptable to the Buyers at their discretion) and effective up to and including the time immediately prior to the Closing Date and the respective Last Batch Equipment Closing Date (as may be applicable) and have not been revoked, terminated or suspended;

(iv) each of the Sellers shall have completed and finalised the itemised appraisal of the Equipment and the Last Batch Equipment from a reputable appraisal firm approved by the Buyers and the Draft Valuation Reports and the Valuation Reports shall be mutually agreed by the parties to the Equipment Purchase Agreement and delivered to the Buyers prior to the issuance of this circular;

(v) the necessary resolutions on the approval of the execution and delivery of the Transaction Documents and the performance of the obligations by each of the Sellers thereunder shall have been duly approved by the Board and the Independent Shareholders (as the case may be) at the EGM in accordance with the applicable requirements under the Listing Rules in respect of the transactions contemplated under the Transaction Documents, with such resolutions not having been revoked or vitiated;

(vi) the shareholders of each of the Sellers shall have duly adopted written resolutions approving its execution and delivery of the Transaction Documents and the performance of its obligations thereunder in respect of the transactions contemplated under the Transaction Documents that may be applicable to such Seller, with such resolutions not having been revoked or vitiated;

(vii) the board of directors of each of the Sellers shall have duly resolved to approve its execution and delivery of the Transaction Documents and the performance of its respective obligations thereunder, with such resolutions not having been revoked or vitiated; and

(viii) the Buyers shall have obtained all necessary approvals (including but not limited to approvals and/or filings required by state-owned asset supervision and administration regulations, and approval of the board and shareholders of the Buyers) to authorise and approve the execution and delivery of the Equipment Purchase Agreement and consummation of the Disposal.

If any conditions above cannot be satisfied (or waived, where applicable) on or before the Long Stop Date (which had been agreed by the parties to the Equipment Purchase Agreement as 30 November 2024 as at the Latest Practicable Date), the parties to the Equipment Purchase Agreement shall discuss in good faith whether the Disposal will be proceeded or not.

The parties to the Equipment Purchase Agreement shall use their respective best endeavors to procure the fulfilment of the above conditions. If any of the Buyers or any of the Sellers is aware of any fact, matters, event and/or circumstance, which may cause any obstruction to fulfilment of the above conditions, it shall notify the other parties immediately in writing accordingly. The above conditions (iii), (iv), (v), (vi) and (vii) are not waivable.

As at the Latest Practicable Date, save for conditions (iv), (vi) and (vii) having been fulfilled, none of the above conditions had been fulfilled or waived.

Closing

The Closing shall take place on a date to be mutually agreed between the parties in writing within six months from the satisfaction (or waiver in writing by the relevant Buyer, where applicable) of the conditions as set out in the section "Equipment Purchase Agreement — Conditions" in the following manner:

(i) VGH shall deliver to Buyer 1 the duly signed bill of sale in respect of the Equipment Batch 1; and

(ii) VGH, VH and VML shall deliver to Buyer 2 (and/or its subsidiaries and/or associates) the duly signed bill of sale in respect of the Equipment Batch 2,

or in such other manner as the Buyers and the Sellers may mutually agree in writing. On the Closing Date, the parties shall exchange original documents evidencing the fulfilment of conditions whereupon the Buyers shall effect payment of the Price. For the avoidance of doubt, unless otherwise agreed between the parties to the Equipment Purchase Agreement, the Closing shall take place simultaneously in respect of all of the Equipment owned by the Sellers.

Last Batch Equipment Closing

The Last Batch Equipment Closing shall be conditional upon (a) the satisfaction (or waiver in writing by Buyer 2 (and/or its subsidiaries and/or associates)), of the conditions mentioned under the section headed "Equipment Purchase Agreement — Conditions", other than the conditions (iv) to (vii) which need not be repeated after the Closing (b) each of the relevant Sellers having transported the relevant Last Batch Equipment to Indonesia, Singapore or Hong Kong or such other warehouses or sites as may be designated by the Buyers pending the Last Batch Equipment Closing; and (c) further specific approval in respect of the purchase of sub-batch(es) of the Last Batch Equipment (in such mutually agreed configuration) obtained by Buyer 2 (and/or its subsidiaries and/or associates) upon its evaluation of the information with respect to such sub-batch(es) of the Last Batch Equipment as may be provided by VGH and/or VH (the "**Last Batch Closing Conditions**"). Upon fulfilment of the Last Batch

Closing Conditions, Buyer 2 (and/or its subsidiaries and/or associates) shall complete the purchase of such Last Batch Equipment as approved in accordance with the following terms:

(i) Purchase of the Last Batch Equipment by Buyer 2 (and/or its subsidiaries and/or associates) may be completed in multiple transactions, provided that sale and purchase of a sub-batch of the Last Batch Equipment (in such mutually agreed configuration) must be completed in whole but not in part.

(ii) On or before the seventh Business Day before the Last Purchase Date, Buyer 2 (and/or its subsidiaries and/or associates) shall, upon obtaining its further specific approval, issue the Last Batch Equipment Purchase Notice, whereupon within seven Business Days of the date of such Last Batch Equipment Purchase Notice:

(a) VGH or VH shall deliver the duly signed bill of sale in respect of the relevant sub-batch(es) of the Last Batch Equipment to Buyer 2 (and/or its subsidiaries and/or associates) in accordance with the Last Batch Equipment Purchase Notice; and

(b) Buyer 2 (and/or its subsidiaries and/or associates) shall pay the relevant sub-batch(es) of the Last Batch Equipment Price on the Last Batch Equipment Closing Date,

upon which the relevant sub-batch(es) of the Last Batch Equipment Closing in respect of the relevant Last Batch Equipment as specified in such Last Batch Equipment Purchase Notice shall be completed.

The title to the relevant sub-batch(es) of the Last Batch Equipment shall be transferred to Buyer 2 (and/or its subsidiaries and/or associates) upon the occurrence of the Last Batch Equipment Closing in respect of such sub-batch(es) of Last Batch Equipment.

In the event that further specific approval to purchase any part or all of the Last Batch Equipment cannot be obtained from Buyer 2 (and/or its subsidiaries and/or associates) before the Last Purchase Date, the parties may enter into an agreement to extend the Last Purchase Date for the period of one year (the "**Extended Last Purchase Date**") and the Last Batch Equipment Closing Date shall be correspondingly extended so that it falls on or before the Extended Last Purchase Date (the "**Extended Last Batch Equipment Closing Date**"), and mutually agree to adjust the Last Batch Equipment Price in respect of any unsold sub-batch(es) of the Last Batch Equipment in accordance to the appraised value of such unsold sub-batch(es) of the Last Batch Equipment under an updated version of the Valuation Reports (which shall be mutually agreed by the parties) prepared by an independent valuer, which shall remain valid as at the Extended Last Batch Equipment Closing Date. The entering into of any new agreement between the parties and the performance of obligations contemplated thereunder by the Company shall comply with the then prevailing Listing Rules.

Termination

The Equipment Purchase Agreement may be terminated upon unanimous consent of the parties to the Equipment Purchase Agreement. In addition, a party is entitled to terminate the Equipment Purchase Agreement with a written notice to the other party, if the other party:

(a) commits a breach of any of its material obligations under the Equipment Purchase Agreement and fails to rectify it within 30 days of the receipt of the written notice of rectification issued by the other party;

(b) is in the process of liquidation (either voluntary or compulsory), or any of its assets is enforced; or

(c) makes a general assignment for the benefit of its creditors, become insolvent or have a receiver appointed.

If any party terminates the Equipment Purchase Agreement pursuant to the termination clause under (a), (b) or (c) above, the other party shall indemnify such party against any and all losses incurred or suffered by it therefrom.

Without prejudice to either party's rights against the other for any antecedent breaches, the parties agreed that they shall discuss in good faith whether to terminate or extend the Equipment Purchase Agreement in the event that the any of the conditions of the Closing in respect of the Equipment fails to be satisfied or waived on or before the Long Stop Date.

Force majeure

Each party shall be entitled to suspend performance of its obligations under the Equipment Purchase Agreement to the extent that such performance is prevented by any act or event which is not reasonably foreseeable and avoidable and which is beyond the reasonable control of the affected party (the "**Force Majeure Event(s)**"). Force Majeure Events shall include, but not be limited to, earthquake, typhoon, flood and other acts of nature, fire, war, riots and terrorist acts.

If any Force Majeure Event occurs, neither party shall be responsible for any damage, increased cost or loss which the other party may sustain by reason of the failure or delay of performance resulting therefrom, and such failure or delay shall not be deemed a breach of the Equipment Purchase Agreement. The party claiming a Force Majeure Event shall take appropriate measures to minimise or remove the effects of the Force Majeure Event and exert efforts to resume full performance of its obligations thereunder as early as possible.

INFORMATION ABOUT THE EQUIPMENT AND THE LAST BATCH EQUIPMENT

The Equipment Batch 1 includes 161 units of mobile power generating sets and their ancillary equipment and accessories currently in operation; the Equipment Batch 2 includes 115 units of mobile power generating sets and their related ancillary equipment and accessories currently not in

operation; and the Last Batch Equipment includes 67 units of mobile power generating sets and their ancillary equipment and accessories currently not in operation. The Equipment Batch 2 and the Last Batch Equipment ceased to operate upon the expiry of the relevant power purchase agreements which took place during the period from September 2020 to June 2024.

The unaudited net profit/loss attributable to the Equipment and the Last Batch Equipment for each of the two financial years ended 31 December 2022 and 31 December 2023 are set out below:

	For the year ended 31 December	
	2022	**2023**
	HK$'000	*HK$'000*
Net profit/(loss) before taxation	93,045	(188,000)
Net profit/(loss) after taxation	87,426	(188,859)

The turnaround from unaudited net profit attributable to the Equipment and the Last Batch Equipment for the year ended 31 December 2022 to unaudited net loss for the year ended 31 December 2023 was primarily attributable to (i) the substantial decrease in revenue resulted from the Group's curtailment of business presence in Myanmar and the reduced electricity generated by the Equipment and the Last Batch Equipment; and (ii) the written off of trade receivables recorded under other expenses.

The unaudited net book value of the Equipment and the Last Batch Equipment as at 30 June 2024 was approximately HK$1,405 million.

EQUIPMENT LEASE FRAMEWORK AGREEMENT

Background

On 4 September 2024 (after trading hours), CNTIC Capital as the Lessor Entity and the Company as the Lessee Entity entered into the Equipment Lease Framework Agreement, pursuant to which the parties agreed that, subject to the Leasing Proposed Caps, the Equipment Purchase Agreement and the transactions contemplated under the Equipment Lease Framework Agreement having been approved by the Independent Shareholders by way of poll at the EGM in compliance with the Listing Rules, and at the request of the Company (by itself or on behalf of other members of the Group), the Lessor Entity for itself, or on behalf of any of its subsidiaries or any of its associate(s) against which it shall procure the entering of such leases, shall lease the Lease Equipment, as may be agreed from time to time, to the Lessee Entity (or any such other members of the Group) in accordance with the terms of the relevant Equipment Lease Agreement(s).

The principal terms of the Equipment Lease Framework Agreement are set out below:

Date

4 September 2024 (after trading hours)

Parties

(i) CNTIC Capital, as the Lessor Entity; and

(ii) the Company, as the Lessee Entity

Subject matter

Subject to the Leasing Proposed Caps, the Equipment Purchase Agreement and the transactions contemplated under the Equipment Lease Framework Agreement having been as approved by the Independent Shareholders by way of poll at the EGM in compliance with the Listing Rules, the parties agreed that, at the request of the Company (by itself or on behalf of other members of the Group), the Lessor Entity for itself, or on behalf of any of its subsidiaries or any of its associate(s) against which it shall procure the entering of such leases, shall lease such machinery and equipment constituting part of the Lease Equipment (which is the same batch of equipment identified as the Equipment Batch 1) as set out in the Equipment Lease Framework Agreement to the Lessee Entity (or such other member of the Group).

The Lessor Entity (and/or its subsidiaries and/or its associates) and the Lessee Entity (or such other member of the Group) shall enter into specific Equipment Lease Agreement in respect of each transaction contemplated under the Equipment Lease Framework Agreement and shall be performed separately by the Lessor Entity (and/or its subsidiaries and/or its associates) and/or the relevant member of the Group (as the case may be) in accordance with the terms thereunder and further in accordance with the principal terms under the Equipment Lease Framework Agreement. The Equipment Lease Agreements to be entered under the Equipment Lease Framework Agreement will be classified as operating leases on the basis that the risks and rewards incidental to ownership of the Lease Equipment will not substantially be transferred to the Lessee Entity or relevant member of the Group.

The Lessor Entity and the Lessee Entity agreed that the continuing provision of the equipment lease by the Lessor Entity (and/or it subsidiaries and/or its associates) to the Lessee Entity (or any member of the Group) in accordance with the terms of the Equipment Lease Framework Agreement from time to time under the Equipment Lease Agreement(s) to be entered from time to time shall be conducted on normal commercial terms or better, from the perspective of the Group, in particular:

(a) the terms of the Leasing CCT must be fair and reasonable and in the interest of the Shareholders as a whole;

(b) the Leasing CCT shall be on terms no less favourable to the Group than the terms offered by independent third parties;

(c) the Leasing CCT shall be in the ordinary and usual course of business of the Group and conducted after arm's length negotiations;

(d) the Leasing CCT shall not exceed the Leasing Proposed Caps without re-complying with the requirements of the Listing Rules with regard to continuing connected transactions, unless such Leasing Proposed Caps shall be refreshed and revised by the Independent Shareholders at a general meeting held during the course of the particular financial year;

(e) the entering and performance of any of such Equipment Lease Agreement(s) shall comply with all applicable laws, registrations, filings or approvals as may be imposed by any governmental authorities over which it has jurisdiction and the Lessee Entity or relevant member of the Group as lessee, shall be responsible for and bear all the costs and expenses relating to any such registrations, filing or approvals; and

(f) in the event that any of the registrations, filings or approvals are subject to conditions by the relevant governmental authorities, the Lessor Entity (and/or it subsidiaries and/or its associates) shall be entitled, at its sole and absolute discretion, determine the reasonableness and acceptability of such conditions.

The Lessor Entity acknowledged the performance of duties and obligations under the Equipment Lease Framework Agreement and the Equipment Lease Agreements by the Group will be subject to compliance by the Company with the rules on continuing connected transactions under the Listing Rules.

Term

The term of the Equipment Lease Framework Agreement shall commence on the date of satisfaction (or waiver (if applicable)) by parties of all conditions as set out in the section headed "Equipment Lease Framework Agreement — Conditions" (the "**Commencement Date**") and shall have a term of three years effective from the Commencement Date.

Annual Caps

The Lessor Entity and the Company agreed that the maximum aggregate amount in regards to the value of the right-of-use asset recognised by the Group would not exceed the Leasing Proposed Caps, unless otherwise notified by the Company to the Lessor Entity in writing (in which case the Company shall ensure that the disclosure and independent shareholders' approval requirements under the Listing Rules in respect of the refreshed annual caps shall be complied with).

The Lessor Entity acknowledged that the transactions contemplated under the Equipment Lease Framework Agreement will constitute continuing connected transactions of the Company under the Listing Rules.

Lease Payment

The rent payable by the Lessee Entity or relevant member of the Group to the relevant Lessor Entity (and/or its subsidiaries and/or its associates) shall be determined in accordance with the relevant Equipment Lease Agreement(s) under which the Lease Equipment is being governed, and the terms of these relevant Equipment Lease Agreements shall be determined after arm's length negotiations amongst the relevant parties and with reference to two fee quotations obtained by the Group from the market.

The parties agreed that all deductions, fees, levies and other outgoings that are applicable to the lease and rent payable under the relevant Equipment Lease Agreement(s) shall be borne entirely by the relevant lessee and the relevant lessee's obligations under the relevant Equipment Lease Agreement to pay the rent and any such deductions, fees, levies, taxes and other outgoings (i) shall be absolute, irrevocable and unconditional; (ii) shall not be subject to any right of set off, counterclaim, deduction, defense or other right such lessees may have against the lessors; and (iii) is not subject to any abatement, counterclaim, defence, deferment, interruption, recoupment, reduction or set-off of any kind for any reason whatsoever.

Conditions Precedent

The commencement of the Equipment Lease Framework Agreement shall be conditional upon:

(i) all representations, warranties and undertakings given by the Lessor Entity and the Lessee Entity under the Equipment Lease Framework Agreement remaining valid, true and accurate in all material respects;

(ii) the Independent Shareholders having approved the Equipment Purchase Agreement and the transactions contemplated thereunder, the Equipment Lease Framework Agreement and the transactions contemplated hereunder (including the Leasing Proposed Caps in relation to the rents of the Lease Equipment) by way of poll at the EGM;

(iii) (if necessary) all authorities, authorisations, approvals, consents, waivers and permits which are necessary or relevant to give effect to the Equipment Lease Framework Agreement and the Leasing CCT having been granted, received or obtained and not revoked or suspended; and

(iv) the Equipment Purchase Agreement having been completed in accordance with its terms.

Save for the above condition precedent (i) which can be waived by the relevant Lessor Entity or the Lessee Entity (as the case may be), and condition precedent (iv) which can be waived by the Lessor Entity, none of the above conditions precedent can be waived by the Lessor Entity or the Lessee Entity.

As at the Latest Practicable Date, none of the above condition precedents had been fulfilled or waived.

Irrevocable Undertakings

The Lessor Entity undertakes that, so long as the Shares are listed and traded on the Stock Exchange, the Lessor Entity shall provide and procure its subsidiaries and associates (if applicable) to provide such information as relates to the Leasing CCT to the auditors, independent non-executive directors, independent financial adviser(s) and/or other professional advisers to the Lessee Entity (or such member of the Group) as may be reasonably requested by the Lessee Entity (or such member of the Group) for the sole purpose of complying with the Listing Rules and applicable laws and regulations, and provided that the provision of such information shall not be prohibited or restricted by any applicable laws, regulations or rules to which the Lessor Entity may be subject. The Lessee Entity undertakes that it shall ensure and shall procure that the auditors, independent non-executive directors, independent financial adviser(s) and/or other professional advisers of the Group shall ensure that all such information as may be provided by the Lessor Entity shall be subject to the strictest confidentiality and be shared amongst the persons above stated only on a need to know basis and not be disclosed to any parties or made publicly available in any manner whatsoever without the express written permission of the Lessor Entity.

Termination

The parties may mutually agree to terminate the Equipment Lease Framework Agreement on such terms as may be mutually acceptable. Further, the Equipment Lease Framework Agreement shall be terminated immediately:

(a) on notice given by either party at any time following any material breach by the other party of its obligations hereunder; or

(b) on the expiry of the term unless otherwise renewed by the parties.

Upon the termination of the Equipment Lease Framework Agreement, all obligations of each party shall cease and terminate and no party shall have any claim against the other parties in respect of any matter arising out of or in connection with the Equipment Lease Framework Agreement, subject to accrued rights of either party in respect of any antecedent breaches of any obligations under the Equipment Lease Framework Agreement. For the avoidance of doubt, termination of the Equipment Lease Framework Agreement shall not affect the leasing of the Lease Equipment under the individual leases that have become effective prior to the termination of the Equipment Lease Framework Agreement which shall continue to be governed under such terms thereunder.

The Equipment Lease Framework Agreement is renewable by the parties entering into a new or renewal agreement before the expiration of the term for another term of three years, subject to compliance by the Company with the relevant requirements under the applicable laws and the Listing Rules (as the case may be).

Equipment Lease Agreement

Subject to the Leasing Proposed Caps, the Equipment Purchase Agreement and the transactions contemplated under the Equipment Lease Framework Agreement having been approved by the Independent Shareholders by way of poll at the EGM in compliance with the Listing Rules, the Lessor Entity and the Lessee Entity agree that, at the request of the Company (by itself or on behalf of other members of the Group), the Lessor Entity for itself, or on behalf of any of its subsidiaries or any of its associate(s) against which it shall procure the entering of such leases, shall lease the Lease Equipment from time to time, to the Lessee Entity (or any such other members of the Group) in accordance with the terms of the relevant Equipment Lease Agreement(s).

The principal terms of the Equipment Lease Agreement with the relevant member(s) of the Group as lessee and CNTIC Capital (and/or its subsidiaries and/or its associates) as lessor, which are set out in the Equipment Lease Framework Agreement, are set out below:

Rent

The lessee shall pay rent on a semi-annual basis in the amounts and on the dates set forth on the rent schedule as set out in each Equipment Lease Agreement, during the term of the lease.

Term

The term of each lease shall commence on the date of the respective Equipment Lease Agreement and, unless earlier terminated as provided pursuant to the termination clause, shall have a term of three years effective from the date of the lease under the respective Equipment Lease Agreement.

Transfer of lease equipment upon termination

Except as otherwise provided, upon the termination of the lease, the lessee shall, at the lessee's sole expense, de-install, assemble, pack properly and in accordance with the manufacturer's instructions (under the supervision of persons acceptable to the lessor) and in accordance with the lessor's reasonable instructions, return to the lessor all, but not less than all, the lease equipment forming subject under the respective Equipment Lease Agreement by delivering such lease equipment to and unloading it at such location or with such common carrier as the lessor specifies. The lessee shall assign all of its rights, title and interest under all material contract with respect to such lease equipment to the lessor. If, in the reasonable opinion of the lessor, any such lease equipment fails to meet the standards set forth above, the

lessee agrees to pay, on demand, all reasonable and documented costs and expenses incurred in connection with the repairing and restoring of such lease equipment so as to meet such standards.

LEASING PROPOSED CAPS AND THE BASIS OF DETERMINATION

The Leasing Proposed Caps represent the estimated caps on the right-of-use assets in respect of the Lease Equipment for the respective year/period during the term of the Equipment Lease Framework Agreement. It is expected that the Leasing Proposed Cap for each of the respective year/period will not exceed the amount set out below:

	For the period from the Commencement Date to 31 December 2024	**For the financial year ending 31 December 2025**	**For the financial year ending 31 December 2026**	**For the period from 1 January 2027 to the end of the term of the Equipment Lease Framework Agreement**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Leasing Proposed Caps	32,428	—	—	—

The Leasing Proposed Caps under the Equipment Lease Framework Agreement were determined based on the following key factors:

(i) the expected total power generation capacity requirement of approximately 260 megawatts involved during the term of the Equipment Lease Framework Agreement;

(ii) the rents of equipment based on the power generation capacity of the Lease Equipment ranging from approximately US$2,500 to US$5,600 per megawatt per month;

(iii) the expectation that the Leasing will be entered into around late 2024 (subject to the completion of the Equipment Purchase Agreement and the Equipment Lease Framework Agreement becoming effective in accordance with its terms) and none of the Leasing will be entered into during the years ending 31 December 2025 and 2026 and the period from 1 January 2027 to the end of the term of the Equipment Lease Framework Agreement; and

(iv) the value of the Group's rights to use the Lease Equipment during the term of the Equipment Lease Framework Agreement which is initially measured on present value basis and calculated by discounting the expected lease payments at a rate of 7% per annum. This discount rate is established based on the Group's prevailing weighted average interest rate of the loan facilities and a buffer for possible future interest rate reductions.

THE EPC SERVICES FRAMEWORK AGREEMENT

Background

On 4 September 2024 (after trading hours), CNTIC as the supplier and the Company as the purchaser entered into the EPC Services Framework Agreement, pursuant to which, subject to the EPC Proposed Caps and the transactions contemplated under the EPC Services Framework Agreement having been approved by the Independent Shareholders by way of poll at the EGM in compliance with the Listing Rules, and at the request of the Company (by itself or on behalf of the other members of the Group), CNTIC (for itself or on behalf of the other members of the CNTIC Group) agreed to provide, and the Company (for itself and on behalf of the Group) agreed to procure the EPC Services from time to time, subject to the terms of the EPC Services Framework Agreement.

The principal terms of the EPC Services Framework Agreement are as follows:

Date

4 September 2024 (after trading hours)

Parties

(i) CNTIC, as supplier; and

(ii) the Company, as purchaser

Term

The term of the EPC Services Framework Agreement shall commence on the Date of Shareholders' Approval for EPC and shall have a term of three years effective from the Date of Shareholders' Approval for EPC.

The EPC Services Framework Agreement is renewable by the parties entering into a new or renewal agreement before the expiration of the term for another term of three years, subject to compliance by the Company with the relevant requirements under the applicable laws and the Listing Rules (as the case may be).

Scope of services

Subject to the EPC Proposed Caps and the transactions contemplated under the EPC Services Framework Agreement having been approved by the Independent Shareholders by way of poll at the EGM in compliance with the Listing Rules, and at the request of the Company (by itself or on behalf of the other members of the Group), CNTIC (for itself or on behalf of the other members of the CNTIC Group) agreed to provide, and the Company (for itself and on behalf of the Group) agreed to procure the EPC Services from time to time.

The relevant member(s) of the CNTIC Group and the Group shall enter into specific agreements in respect of each transaction contemplated under the EPC Services Framework Agreement, which shall specify terms of the EPC Services to be provided. Each specific agreement shall specify, at a minimum, the following information: scope of service, fees and payment arrangement, the member(s) of the CNTIC Group and the Group who are the contracting parties under the relevant specific agreement, and further provided that the terms of each specific agreement shall comply the terms of the EPC Services Framework Agreement in all material respects.

CNTIC and the Company agreed and acknowledged that the EPC Services are and shall be procured in the ordinary and usual course of business of the Group.

CNTIC and the Company agreed that the continuing provision of the EPC Services by the CNTIC Group to any member of the Group in accordance with the terms of the EPC Services Framework Agreement and the relevant specific agreement from time to time shall be conducted on normal commercial terms or better, in particular:

(a) the terms of the EPC Services CCT shall be determined after arm's length negotiations between the members of the CNTIC Group and the Group, and the terms of the specific agreement must be fair and reasonable and in the interest of the Shareholders as a whole;

(b) the EPC Services CCT shall be on terms that are no less favourable to the Group when compared with terms that the Group would be able to obtain from independent third party suppliers; and

(c) the annual transaction amounts under the EPC Services CCT shall not exceed the EPC Proposed Caps, and where such EPC Proposed Caps are likely to be exceeded, any further EPC Services CCT shall not proceed unless and until the Company has complied with the requirements of the Listing Rules with regard to new annual caps, approved by the independent non-executive Directors and (if applicable) the Independent Shareholders at a general meeting held, and the Company having complied with such other requirements as may be prescribed under the Listing Rules for the refreshed annual caps. In a case where the refreshed annual caps are not approved in accordance with the requirements under the Listing Rules, CNTIC and the Company shall negotiate in good faith to ensure that the implementation of the remaining specific agreements will not violate the provisions of the Listing Rules and fall within the limits of the EPC Proposed Caps.

Pricing policy

The fees of the EPC Services shall be determined on arm's length basis with reference to the prevailing market prices available to the Group by other independent third party suppliers for similar EPC Services. Should the Group invite the CNTIC Group to offer the EPC Services, the Group should, in the supplier selection and procurement process and in its best

endeavours, obtain at least two proposals/quotations from independent third party suppliers for its assessment of the fee, completion schedule and other terms offered by the CNTIC Group. In case no proposals/quotations is submitted to the Group by independent third party suppliers in the process, the fee of the EPC Services will be determined according to the internal pricing policy including cost analysis with reference to historical records of the fees payable by the Group for EPC services of similar nature, the prevailing market prices of similar nature, and the purchase cost of the equipment and the estimated installation cost and payment terms. In any event, the fees charged by the CNTIC Group to the Group shall be no less favourable to the Group than that are offered to the Group by independent third party suppliers in the supply of services of similar nature and scale.

Annual caps

The Company and CNTIC agreed that the maximum aggregate transaction amount the Group may pay the CNTIC Group in relation to transactions contemplated under the EPC Services Framework Agreement for each financial year/respective period commencing the Date of Shareholders' Approval for EPC would not exceed the EPC Proposed Caps for that year/period, unless the Company refreshes the EPC Proposed Caps (in which case the Company shall ensure that the disclosure and independent shareholders' approval requirements under the Listing Rules in respect of the refreshed annual caps shall be complied with).

CNTIC agreed to provide (and to procure the other members of the CNTIC Group to provide) all reasonable assistance and access to the Company's auditors, independent non-executive directors, independent financial adviser(s) and/or other professional advisers sufficient access to its records for the purpose of the Company in complying with the Listing Rules for it to prepare its financial statements.

Termination

The EPC Services Framework Agreement shall be terminated immediately, on notice given by either party at any time following any material breach by the other party of its obligations thereunder; or on the expiry of the term unless otherwise renewed by the parties. Upon termination or expiry of the EPC Services Framework Agreement, all obligations of each party shall cease and terminate and no party shall have any claim against the other parties in respect of any matter arising out of or in connection with the EPC Services Framework Agreement subject to accrued rights of either party in respect of any antecedent breaches of any obligations under the EPC Services Framework Agreement. For the avoidance of doubt, termination of the EPC Services Framework Agreement shall not affect the specific agreement(s) which shall continue to be governed under such terms thereunder.

EPC PROPOSED CAPS AND THE BASIS OF DETERMINATION

The EPC Proposed Caps represent the estimated aggregate contract sum of the EPC Services to be sourced from the CNTIC Group for the respective year/period during the term of the EPC Services Framework Agreement. It is expected that the EPC Proposed Cap for each of the respective year/period will not exceed the amount set out below:

	For the period from the Date of Shareholders' Approval for EPC to 31 December 2024	**For the financial year ending 31 December 2025**	**For the financial year ending 31 December 2026**	**For the period from 1 January 2027 to the end of the term of the EPC Services Framework Agreement**
	US$'000	*US$'000*	*US$'000*	*US$'000*
EPC Proposed Caps	41,448	562,636	129,000	138,380

The EPC Proposed Caps under the EPC Services Framework Agreement were determined based on the following key factors:

(i) six power projects in the existing contract pipeline of the Group's power generation projects on hand which are located in Central Asian, Southeast Asian and South American countries;

(ii) ten power generation projects located in Middle Eastern, Central Asian, Southeast Asian and South American countries that the Group expects to bid for;

(iii) the Group's estimation of the EPC cost of each of those power generation projects with a range from approximately US$8 million to US$140 million; and

(iv) the expected completion time of those power generation projects, and the majority of which are estimated to complete by the end of 2025.

CNTIC has been providing EPC services to the Group since 2013 and become the controlling Shareholder since September 2023. Over the financial years ended 31 December 2021, 2022 and 2023, the historical transactions related to EPC services provided by CNTIC (and other members of the CNTIC Group) amounted to approximately nil, HK$90.0 million and HK$36.4 million respectively. Since CNTIC becoming the controlling Shareholder and up to the Latest Practicable Date, there has been no ongoing transaction in relation to EPC services provided by CNTIC to the Group.

ETS SUPPLY FRAMEWORK AGREEMENT

Background

Reference is made to the announcement of the Company dated 23 May 2024 in relation to, among other things, the Gen-sets Supply Framework Agreement entered into between VH and CNTIC for the supply of the gen-sets by VH to CNTIC for the twelve months ending 22 May 2025.

For the better management of the transactions between the Group and the CNTIC Group and in view of CNTIC's demand for procurement of equipment and related accessories and technical services in relation to its engineering project business, on 4 September 2024 (after trading hours), CNTIC (as purchaser), the Company (as supplier) and VH (as former supplier) entered into the ETS Supply Framework Agreement, pursuant to which (i) subject to the ETS Proposed Caps and the transactions contemplated under the ETS Supply Framework Agreement having been approved by the Independent Shareholders by way of poll at the EGM in compliance with the Listing Rules, the Company (for itself and on behalf of the Group) may provide the Equipment and Technical Services to the CNTIC Group from time to time; and (ii) VH and CNTIC agreed to terminate the Gen-sets Supply Framework Agreement on the Date of Shareholders' Approval for ETS.

The principal terms of the ETS Supply Framework Agreement are as follows:

Date

4 September 2024 (after trading hours)

Parties

(i) CNTIC, as purchaser;

(ii) the Company, as supplier; and

(iii) VH, as the former supplier

Term

The term of the ETS Supply Framework Agreement shall commence on the Date of Shareholders' Approval for ETS and shall have a term of three years effective from the Date of Shareholders' Approval for ETS.

The ETS Supply Framework Agreement is renewable by the parties entering into a new or renewal agreement before the expiration of the term for another term of three years, subject to compliance by the Company with the relevant requirements under the applicable laws and the Listing Rules (as the case may be).

Termination of the Gen-sets Supply Framework Agreement

VH and CNTIC agreed to terminate the Gen-sets Supply Framework Agreement in its entirety with effect on and from the Date of Shareholders' Approval for ETS. VH and CNTIC further agreed and acknowledged that with effect on and from the Date of Shareholders' Approval for ETS, they shall release each other from any further obligations and/or liabilities and that they have no claim of whatsoever kind and nature against each other, to the extent permitted by law in connection with the Gen-sets Supply Framework Agreement.

Nature of transaction

Subject to the ETS Proposed Caps and the transactions contemplated under ETS Supply Framework Agreement having been approved by the Independent Shareholders by way of poll at the EGM in compliance with the Listing Rules, and at the request of CNTIC (by itself or on behalf of the CNTIC Group), the Company (for itself and on behalf of the Group) may provide the Equipment and Technical Services to the CNTIC Group from time to time.

The relevant member(s) of the Group and the CNTIC Group shall enter into specific agreements in respect of each transaction contemplated under the ETS Supply Framework Agreement, which shall specify terms of the Equipment and Technical Services to be provided. Each specific agreement shall be given by members of the CNTIC Group in writing and sent to members of the Group specifying, at a minimum, the following information: type, specifications, quantity, price, delivery method for machinery and equipment; scope and service fees for technical services provided and payment arrangements, the member(s) of the Group and the CNTIC Group who are the contracting parties under the relevant specific agreement, and further provided that the terms of each specific agreement shall comply the terms of the ETS Supply Framework Agreement in all material respects.

The Company and CNTIC agreed and acknowledged that the Equipment and Technical Services are and shall be provided in the ordinary and usual course of business of the Group.

The Company and CNTIC agreed that the provision of the Equipment and Technical Services by the Group to any member of the CNTIC Group in accordance with the terms of the ETS Supply Framework Agreement and the relevant specific agreement from time to time shall be conducted on normal commercial terms or better, in particular:

(a) the terms of the ETS Supply CCT shall be determined after arm's length negotiations between the members of the Group and the CNTIC Group, and the terms of the specific agreement must be fair and reasonable and in the interest of the Shareholders as a whole;

(b) the ETS Supply CCT shall be on terms that are no less favourable to the Group than those offered by the Group to its independent third party customers; and

(c) the annual transaction amounts under the ETS Supply CCT shall not exceed the applicable ETS Proposed Caps, and where such ETS Proposed Caps are likely to be exceeded, any further ETS Supply CCT shall not proceed unless and until the Company has complied with the requirements of the Listing Rules with regard to the refreshed annual caps and the ETS Proposed Caps, approved by the independent non-executive Directors and (if applicable) the Independent Shareholders at a general meeting held, and the Company having complied with such other requirements as may be prescribed under the Listing Rules for the refreshed annual caps. In a case where the refreshed annual caps are not approved in accordance with the requirements under the Listing Rules, the Company and CNTIC shall negotiate in good faith to ensure the implementation of the remaining specific agreements will not violate the provisions of the Listing Rules and fall within the limits of the ETS Proposed Caps.

Pricing policy

The prices of the Equipment and Technical Services shall be determined from time to time and on arm's length basis with reference to (i) the costs of the Equipment and Technical Services; (ii) the selling prices of the equipment with comparable specifications offered by the Group to its independent customers within a year; and (iii) the Group's internal pricing policy of charging for technical services based on manhour. The final price for each transaction may be negotiated based on further detailed equipment specifications, quantity, inventory availability and payment terms, subject to the incorporation of a reasonable profit margin which should be agreed by the relevant department head and the management from time to time. In any cases, the prices of the Equipment and Technical Services and other terms of supply offered by the Group to CNTIC Group shall be no less favourable to the Group than those offered by the Group to independent customers in transactions of similar nature and scale.

Annual caps

The Company and CNTIC agreed that the maximum aggregate transaction amount the Group may receive from the CNTIC Group in relation to transactions contemplated under the ETS Supply Framework Agreement for each financial year/respective period would not exceed the ETS Proposed Caps for that year/period, unless the Company refreshes the ETS Proposed Caps (in which case the Company shall ensure that the disclosure and independent shareholders' approval requirements under the Listing Rules in respect of the refreshed annual caps shall be complied with).

CNTIC agreed to provide (and to procure the other members of the CNTIC Group to provide) all reasonable assistance and sufficient access to the Company's auditors, independent non-executive directors, independent financial adviser(s) and/or other professional advisers to its records for the purpose of the Company in complying with the Listing Rules and for it to prepare its financial statements.

Termination

The ETS Supply Framework Agreement shall be terminated immediately, on notice given by either party at any time following any material breach by the other party of its obligations thereunder; or on the expiry of the term unless otherwise renewed by the parties. Upon termination or expiry of the ETS Supply Framework Agreement, all obligations of each party shall cease and terminate and no party shall have any claim against the other parties in respect of any matter arising out of or in connection with the ETS Supply Framework Agreement subject to accrued rights of either party in respect of any antecedent breaches of any obligations under the ETS Supply Framework Agreement. For the avoidance of doubt, termination of the ETS Supply Framework Agreement shall not affect the specific agreement(s) which shall continue to be governed under such terms thereunder.

HISTORICAL TRANSACTION AMOUNTS

The historical transaction amounts pursuant to the Gen-sets Supply Framework Agreement for the period from 23 May 2024 up to the Latest Practicable Date are as follows:

	Up to the Latest Practicable Date
	US$'000
Existing Annual Cap	9,000
Actual sales (unaudited)	9,000
Utilisation	100%

The Existing Annual Cap had been fully utilised and had not been exceeded as at the Latest Practicable Date.

ETS PROPOSED CAPS AND THE BASIS OF DETERMINATION

The ETS Proposed Caps represent the estimated aggregate transaction amount for the provision of the Equipment and Technical Services to the CNTIC Group for each of the respective year/period during the term of the ETS Supply Framework Agreement. It is expected that the ETS Proposed Cap for each of the respective year/period will not exceed the amount set out below:

	For the period from the Date of Shareholders' Approval for ETS to 31 December 2024	**For the financial year ending 31 December 2025**	**For the financial year ending 31 December 2026**	**For the period from 1 January 2027 to the end of the term of the ETS Supply Framework Agreement**
	US$'000	*US$'000*	*US$'000*	*US$'000*
ETS Proposed Caps	98,940	100,540	73,200	53,200

The ETS Proposed Caps under the ETS Supply Framework Agreement were determined based on the following key factors:

(i) the estimated selling price of equipment and related accessories with specifications comparable to the equipment and related accessories that the Group sold to the CNTIC Group and independent customers ranging from approximately US$400,000 to US$800,000;

(ii) the estimated selling price of technical services comparable to the technical services that the Group provided to independent customers with contract sum ranging from approximately US$300,000 to US$20 million; and

(iii) the expected demand of the CNTIC Group for the Equipment and Technical Services during the term of the ETS Supply Framework Agreement, and that most of the deliveries are expected to be completed by the end of 2025.

INTERNAL CONTROL

The Company has implemented the following internal control measures to ensure that the Proposed Caps for the transactions contemplated under the Framework Agreements will not be exceeded:

(i) the Group has an internal system to trace, monitor and evaluate the transaction amounts under the Framework Agreements regularly to ensure that the Proposed Caps will not be exceeded; and

(ii) the Group will comply with the annual review requirements in respect of the transactions contemplated under the Framework Agreements in accordance with Chapter 14A of the Listing Rules.

Moreover, the auditors of the Company will be engaged to conduct an annual review and report on the transactions contemplated under each of the Framework Agreements.

INFORMATION ABOUT THE PARTIES

The Company is an investment holding company. The Group is a gen-set system design and integration service provider and an engine-based distributed power stations owner and operator. The Group's principal businesses include (i) system integration (i.e. designing, integrating and selling gen-sets and power generation systems) ("**SI**"); and (ii) investment, building and operating business (i.e. designing, investing in, building and operating distributed power stations for off-takers) ("**IBO**").

VGH is a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company that is primarily engaged in the provision of distributed power solutions.

VH is a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company that is primarily engaged in investment holding, trading of engines and components, and sale and installation of power generation systems.

VML is a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company that is primarily engaged in the provision of distributed power solutions in Myanmar.

CNTIC is a company established under the laws of the PRC with limited liability and a wholly owned subsidiary of Genertec which is under the direct supervision of Central SASAC. Its principal business includes, among other things, import and export of technology, goods and technical services, foreign contract projects and contract energy management.

CNTIC Capital is a company incorporated in Hong Kong with limited liability and a 95% owned subsidiary of CNTIC. Its principal business includes, among other things, overseas investment asset management, engineering contracting work management and trading of electrical equipment.

FINANCIAL EFFECTS OF THE DISPOSAL

Earnings

For the year ended 31 December 2023, the Group recorded an audited loss for the year of approximately HK$2,854 million. Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix IV to this circular, assuming the Closing and the Last Batch Equipment Closing had taken place on 31 December 2023, the unaudited pro forma consolidated loss of the Remaining Group for the year ended 31 December 2023 would be approximately HK$2,806 million.

Assets and Liabilities

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix IV to this circular, assuming the Closing and the Last Batch Equipment Closing had taken place on 30 June 2024, the total assets of the Group would be increased from approximately HK$6,000 million to approximately HK$6,360 million and the total liabilities of the Remaining Group would be increased from approximately HK$4,295 million to approximately HK$4,313 million. The details of the financial effect of the Disposal on the financial position of the Group together with the bases and assumptions taken into account in preparing the unaudited pro forma financial information of the Remaining Group are set out, for illustration purpose only, in Appendix IV to this circular.

Upon Closing and the Last Batch Equipment Closing, the Company will cease to have any interests (other than a right to use such equipment under the respective Equipment Lease Agreement(s)) in the Equipment and the Last Batch Equipment respectively.

FINANCIAL IMPLICATIONS AND USE OF PROCEEDS FROM THE DISPOSAL

As a result of the Disposal, the Directors expect that the Group will record an unaudited gain on the Disposal of approximately HK$369 million, being the difference between the consideration of the Disposal of approximately HK$1,774 million, and the total unaudited net book value of the Equipment and the Last Batch Equipment of approximately HK$1,405 million which includes an unaudited net book value of HK$1,392 million as at 30 June 2024 and an unaudited net book value of HK$13 million of certain construction in progress items recognised subsequent to 30 June 2024. Such calculation is only an estimate provided for illustrative purposes and the accounting impact of the Disposal will be subject to audit by the auditors of the Company.

The net proceeds from the Disposal (after deducting tax expenses of approximately HK$22 million and other transaction costs of approximately HK$5 million expected to be incurred in relation to the Disposal) are approximately HK$1,747 million. The Group intends to use such net proceeds of 70%–80% for repayment of certain short-term borrowings and the remaining 20%–30% as general working capital.

REASONS AND BENEFITS FOR ENTERING INTO THE EQUIPMENT PURCHASE AGREEMENT AND EQUIPMENT LEASE FRAMEWORK AGREEMENT

The Group's principal businesses include SI and IBO.

CNTIC is a sizable, well-established and highly reputable state-owned enterprise with solid financial resources. CNTIC as the controlling Shareholder has become a strong backup of the Group for its access to various financial resources for new project investments and business expansion so as to resume the fast growth and become a stronger and bigger contributor to the green energy market of the world. Leveraging on the financial strength and corporate scale of CNTIC, the Group is expected to enjoy a lower cost of capital and more sources of financing, and subsequently achieve a stronger financial position and a higher Shareholders' return.

Nevertheless, the Group has faced challenges due to the uncertain macroeconomic landscape characterised by geopolitical conflicts, inflation and increased borrowing costs. Following the political incidents in Myanmar, which took place in early February 2021, there arose adverse changes in the political, economic and social environments, which have brought prolonged challenges to the operations and financial position of the Group which has investment and operation in the country. While the Group has managed to scale down its business exposure locally to limit the financial impacts, its overall business plan to redeploy the Equipment Batch 2 and the Last Batch Equipment which are currently located in Myanmar and other Southeast Asian countries for new projects has been interrupted for the past few years resulting in unsatisfactory financial performance.

For the year ended 31 December 2023, the Group recorded a substantial increase in net loss which was mainly due to (i) a significant revenue decline; (ii) a considerable increase in impairment of trade receivables; and (iii) a substantial increase in share of losses of joint ventures. As at 31 December 2023, the Group's outstanding interest-bearing bank and other borrowings totalled

approximately HK$2,767.0 million, among which short-term bank borrowings and other borrowings were approximately HK$2,641.9 million and approximately HK$75.1 million respectively. In contrast, the Group's cash and cash equivalents amounted to approximately HK$131.2 million. The above cumulatively indicates that the Group has to increase its financial resources, refine its debt portfolio and strengthen its financial position.

Based on the information available to the Directors, the Disposal will generate no less than HK$1,747 million cash to the Group. Considering the current financial, indebtedness and liquidity position of the Group, the Disposal represents an opportunity for the Group to monetise the assets at a fair and reasonable price for immediate cash inflow to repay the short-term borrowings and hence reduce its overall debt burden and corresponding finance costs. The improved financial metrics such as debt-to-equity ratio, interest coverage ratio, and return on assets will also empower the Group with the ability to facilitate other fundraising activities in the future.

Meanwhile, the Group will lease from the Lessor Entity the Lease Equipment which is currently operational in the Group's power stations for generating electricity to its customers. Entering into Leasing CCT allows the Group to continue the operation of all of its distributed power stations in Indonesia without any interruption. The Leasing CCT ensures the Group's business continuity and operational stability while eliminating the need for significant capital investment in purchasing new equipment for the distributed power stations in operation to fulfil its contractual obligations as an operator of power stations.

The Disposal and Leasing CCT together form a strategic solution for the Group to resolve the short-term financial strain, facilitate capital structure enhancement and achieve operational flexibility and efficiency simultaneously. CNTIC has been a long-standing business partner of the Group who has made remarkable contribution to the Group's business development including providing competitive commercial terms in the business arrangements. The Disposal and Leasing CCT further represent its committed support to the Group's business sustainability by empowering the Group to focus the resources on vitalising its businesses and capturing the prevailing market opportunities brought by the increasing demand for distributed power.

In case that the Leasing CCT is not approved by the Independent Shareholders together with the Disposal, the Group will consider options including replacement of the majority of the equipment with its inventory and leasing from independent third parties from whom the Group has received fee quotations for the remaining part of the equipment or collaboration with the controlling Shareholder and local partners to continue the operation of the relevant power projects. The Group, after taking into consideration the above alternative solutions other than Leasing CCT, does not expect material interruption to its operations. Upon expiry of the term of the Equipment Lease Framework Agreement, the Group will re-assess its operational needs for equipment based on the operational status of its power projects and explore solutions to meet such needs, including but not limited to renewing the leasing agreements with the Lessor Entity.

Based on the above, the Directors (excluding the independent non-executive Directors, whose view after considering the advice of the Independent Financial Adviser is provided in the letter from the Independent Board Committee in this circular) consider that (i) the terms of the Equipment

Purchase Agreement and the Equipment Lease Framework Agreement are on normal commercial terms that are fair and reasonable, (ii) the Leasing Proposed Caps are fair and reasonable, (iii) the continuing connected transactions contemplated under the Equipment Lease Framework Agreement are and will be conducted in the ordinary and usual course of business of the Group; and (iv) the connected transactions contemplated under the Equipment Purchase Agreement and the continuing connected transactions contemplated under the Equipment Lease Framework Agreement are in the interests of the Company and the Shareholders as a whole.

REASONS AND BENEFITS FOR ENTERING INTO THE EPC SERVICES FRAMEWORK AGREEMENT AND THE ETS SUPPLY FRAMEWORK AGREEMENT

CNTIC is a key EPC contractor to the Group. Over the years, the Group has engaged CNTIC to deliver EPC services for the development and construction of most of its distributed power stations. The timely delivery of fast-track distributed power by the Group to people in need is largely attributable to the close collaboration between the Group and CNTIC in the seamless project execution, and CNTIC's profound knowledge and expertise as an EPC contractor.

As a large-scale Chinese state-owned enterprise, CNTIC excels in delivering EPC services globally, particularly in developing power stations within various emerging markets. It has proven track records in constructing various types of power-related facilities including gas-fired power stations, hydropower stations, photovoltaic power stations, wind farms and electricity grid projects. Through the partnership with CNTIC, the Group not only acquires access to robust local expertise in civil, electrical, and mechanical works but also gains invaluable insights into project opportunities, execution strategies, and regulatory frameworks at the local level.

Taking into account the potential power projects on hand located in Central Asian, Southeast Asian and South American countries which the Group is set to materialise, the Group expects to continue the engagement of CNTIC for its EPC Services. It is believed that the outstanding qualifications and extensive experiences of CNTIC in the global power sector and the competitive commercial arrangements offered by CNTIC will support the Group in expediting project execution to generate revenue at a lower capital cost.

Under its SI business, the Group sells engine-based electricity generation units and provides technical services to customers. With the reliability and quality of its products and services, the Group is a qualified supplier of CNTIC and has track records of selling both gas-fired and diesel-fired engine-based electricity generation units and providing services to CNTIC. As a large state-owned enterprise with global business presence, CNTIC has a huge pool of wide-ranging customers for whom it procures power equipment and related services. Entering into the ETS Supply Framework Agreement provides the Group with opportunities to continue its supply to CNTIC in its ordinary course of business. The pricing of the Equipment and Technical Services under the ETS Supply Framework Agreement would be on terms that are no less favourable to the Group than those offered by the Group to independent third party customers.

In view of the above, the Directors (excluding the independent non-executive Directors, whose view after considering the advice of the Independent Financial Adviser is provided in the letter from the Independent Board Committee in this circular) consider that (i) the terms of the EPC Services Framework Agreement and the ETS Supply Framework Agreement are on normal commercial terms that are fair and reasonable, (ii) the EPC Proposed Caps and the ETS Proposed Caps are fair and reasonable, and (iii) the continuing connected transactions contemplated under the EPC Services Framework Agreement and the ETS Supply Framework Agreement are and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, as CNTIC is the controlling Shareholder and CNTIC Capital is a 95% owned subsidiary of CNTIC, and therefore an associate of CNTIC under Rule 14A.13(1) of the Listing Rules, both CNTIC and CNTIC Capital are connected persons of the Company under the Listing Rules. As such, the transactions contemplated under the Equipment Purchase Agreement constitute connected transactions under Chapter 14A of the Listing Rules and the transactions contemplated under and the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Disposal is more than 75%, the Equipment Purchase Agreement and the transactions contemplated thereunder constitute a very substantial disposal for the Company and are subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios for each of the Leasing Proposed Caps and the EPC Proposed Caps is more than 5%, the transactions contemplated under the Equipment Lease Framework Agreement and the EPC Services Framework Agreement constitute non-exempted continuing connected transactions which are subject to reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, the Company shall re-comply with the requirements under Chapter 14A of the Listing Rules before the Existing Annual Cap is exceeded and/or the ETS Supply Framework Agreement effecting a material change to the terms under the Gen-sets Supply Framework Agreement. As one or more of the applicable percentage ratios for the ETS Proposed Caps, which are applicable to the ETS Supply Framework Agreement which replaces the Gen-sets Supply Framework Agreement, is more than 5%, the transactions contemplated under the ETS Supply Framework Agreement constitute non-exempted continuing connected transactions which are subject to reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

The EGM will be convened and held at Units 2701–05, 27/F, Office Tower 1, The Harbourfront, 18–22 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Wednesday, 6 November 2024 at 11:00 a.m. to consider and, if thought fit, approve, among other things, the Equipment Purchase Agreement, the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement, the transactions contemplated thereunder and the Proposed Caps by way of poll. A notice convening the EGM is set out on pages EGM-1 to EGM-4 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. at or before 11:00 a.m. on Monday, 4 November 2024) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

For the purpose of determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed during the period from Monday, 4 November 2024 to Wednesday, 6 November 2024 (both days inclusive), during which period no transfer of Share(s) will be effected. In order to qualify for attending and voting at the EGM, all transfer document(s), accompanied by the relevant share certificate(s), must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 1 November 2024.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Mr. Gao Zhan, Mr. Lu Weijun and Mr. Li Haifeng, with their respective employments, has positions at CNTIC or other subsidiaries of Genertec, and therefore they have voluntarily abstained from voting on the resolutions of the Board approving the Equipment Purchase Agreement, the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement, the transactions contemplated thereunder and the Proposed Caps.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder who has a material interest in the transaction must abstain from voting on the resolution. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for CNTIC (holding 3,290,457,511 Shares as at the Latest Practicable Date (representing approximately 49.24% of the total issued Shares)) and its associates who shall abstain from the voting on the relevant resolution to approve each of the Equipment Purchase Agreement, the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement,

the transactions contemplated thereunder and the Proposed Caps, no other Shareholder has a material interest in the Disposal, the Leasing CCT, the EPC Services CCT or the ETS Supply CCT, therefore no other Shareholder is required to abstain from voting at the EGM for the relevant resolutions.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, all resolutions will be put to vote by way of poll at the EGM.

After the closure of the EGM, the poll results will be published on the Company's website (http://www.vpower.com) and the website of the Stock Exchange (http://www.hkexnews.hk) in accordance with the Listing Rules.

As the Equipment Purchase Agreement, the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement and transactions contemplated thereunder are subject to the satisfaction of the respective conditions to the relevant agreements, including but not limited to these agreements having been approved by the Independent Shareholders, such agreements may or may not proceed. Shareholders and investors are reminded to exercise caution when dealing in the securities of the Company.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise to the Independent Shareholders in relation to the Equipment Purchase Agreement, the Equipment Lease Framework Agreement, the EPC Services Framework Agreement, the ETS Supply Framework Agreement, the transactions contemplated thereunder and the Proposed Caps. INCU Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

RECOMMENDATION

The Independent Board Committee, having taken into account, among other things, the advice of the Independent Financial Adviser, is of the view that the (i) the terms of the Equipment Purchase Agreement, the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement are on normal commercial terms that are fair and reasonable, (ii) the Leasing Proposed Caps, the EPC Proposed Caps and the ETS Proposed Caps are fair and reasonable, (iii) the continuing connected transactions contemplated under the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement are and will be conducted in the ordinary and usual course of business of the Group; and (iv) the connected transactions contemplated under the Equipment Purchase Agreement and the continuing connected transactions contemplated under the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement are in the interests of the Company and the Shareholders as a whole.

The Directors, including the independent non-executive Directors, after considering the advice from the Independent Financial Adviser, are of the view that (i) the terms of the Equipment Purchase Agreement, the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement are on normal commercial terms that are fair and reasonable, (ii) the Leasing Proposed Caps, the EPC Proposed Caps and the ETS Proposed Caps are fair and reasonable, (iii) the continuing connected transactions contemplated under the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement are and will be conducted in the ordinary and usual course of business of the Group; and (iv) the connected transactions contemplated under the Equipment Purchase Agreement and the continuing connected transactions contemplated under the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement are in the interests of the Company and the Shareholders as a whole, and therefore recommend you to vote in favour of all the ordinary resolutions to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

By Order of the Board
VPower Group International Holdings Limited
Lam Yee Chun
Executive Director and Chief Executive Officer

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders for the purpose of inclusion in this circular.

VPOWER GROUP INTERNATIONAL HOLDINGS LIMITED
偉能集團國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1608)

18 October 2024

To the Independent Shareholders

Dear Sir or Madam,

(1) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION AND (2) CONTINUING CONNECTED TRANSACTIONS

We refer to the circular issued by the Company dated 18 October 2024 (the "**Circular**") of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders on whether (i) the terms of the Equipment Purchase Agreement, the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement (the "**Agreements**") are on normal commercial terms that are fair and reasonable, (ii) the Leasing Proposed Caps, the EPC Proposed Caps and the ETS Proposed Caps are fair and reasonable, (iii) the continuing connected transactions contemplated under the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement are and will be conducted in the ordinary and usual course of business of the Group; and (iv) the connected transactions contemplated under the Equipment Purchase Agreement and the continuing connected transactions contemplated under the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement are in the interests of the Company and the Shareholders as a whole.

INCU Corporate Finance Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreements, the transactions contemplated thereunder and the Proposed Caps. Details of the advice, together with principal factors and reasons considered in arriving at such advice are set out in the letter from the Independent Financial Adviser as set out on pages 45 to 91 of the Circular.

We wish to draw your attention to the letter of advice from the Independent Financial Adviser as set out on pages 45 to 91 of the Circular and the letter from the Board as set out on pages 9 to 42 of the Circular.

Having considered the information set out in the letter from the Board, the terms and conditions of the each of the Agreements, the advice of INCU Corporate Finance Limited as set out in the letter from the Independent Financial Adviser and the principal factors and reasons taken into consideration by it in arriving at its advice, we consider that (i) the terms of the Agreements are on normal commercial terms that are fair and reasonable, (ii) the Leasing Proposed Caps, the EPC Proposed Caps and the ETS Proposed Caps are fair and reasonable, (iii) the continuing connected transactions contemplated under the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement are and will be conducted in the ordinary and usual course of business of the Group; and (iv) the connected transactions contemplated under the Equipment Purchase Agreement and the continuing connected transactions contemplated under the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement are in the interests of the Company and the Shareholders as a whole and accordingly recommend the Independent Shareholders to vote in favor of the ordinary resolutions in relation to the approval of the Agreements and the transactions contemplated thereunder and the Proposed Caps to be proposed at the EGM.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Mr. Suen Wai Yu **Dr. Wang Zheng** **Dr. Lin Tun**

Independent Non-executive Directors

The following is the text of a letter of advice from INCU Corporate Finance Limited, which has been prepared for the purpose of incorporation into this circular, setting out its opinion to the Independent Board Committee and the Independent Shareholders in connection with the Equipment Purchase Agreement, the Equipment Lease Framework Agreement, the EPC Services Framework Agreement, the ETS Supply Framework Agreement and the transaction contemplated thereunder and the Proposed Caps (including the Leasing Proposed Caps, the EPC Proposed Caps and the ETS Proposed Caps).

INCU Corporate Finance Limited
Unit 1402, 14/F, Winsome House,
73 Wyndham Street,
Central, Hong Kong

18 October 2024

To: *The Independent Board Committee and*
the Independent Shareholders of
VPower Group International Holdings Limited

Dear Sirs or Madams,

(1) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION; AND (2) CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Equipment Purchase Agreement, the Equipment Lease Framework Agreement, the EPC Services Framework Agreement, the ETS Supply Framework Agreement and the transactions contemplated thereunder and the Proposed Caps (including the Leasing Proposed Caps, the EPC Proposed Caps and the ETS Proposed Caps) (together as the "**Transactions**"), details of which are set out in the letter from the board (the "**Letter from the Board**") contained in the circular of the Company dated 18 October 2024 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

With reference to the announcement of the Company dated 4 September 2024, on 4 September 2024 (after trading hours), CNTIC Capital as Buyer 1, CNTIC as Buyer 2 for itself and on behalf of its subsidiaries or associates and VGH, VH and VML as Sellers entered into the Equipment Purchase Agreement, pursuant to which, (i) Buyer 1 agreed to purchase the Equipment Batch 1 and VGH agreed to sell the Equipment Batch 1 on an "as is" and "where is" basis for a price of the US$ equivalent of RMB610,488,119 (approximately HK$671,537,000) (as finally determined based on the Appraised Value of the Equipment); (ii) Buyer 2 agreed for itself and on behalf of its subsidiaries or associates to purchase the Equipment Batch 2 and each of the Sellers agreed to sell

the Equipment Batch 2 on an "as is" and "where is" basis for an aggregate price of RMB660,811,889 (approximately HK$726,893,000) (as finally determined based on the Appraised Value of the Equipment); and (iii) Buyer 2 further agreed for itself and on behalf of its subsidiaries or associates to purchase the Last Batch Equipment which comprises certain sub-batches of equipment, and VGH and VH further agreed to sell the Last Batch Equipment on an "as is" and "where is" basis for an aggregate price of RMB341,668,962 (approximately HK$375,836,000) (as finally determined based on the Appraised Value of the Last Batch Equipment) upon fulfilment of further conditions.

On 4 September 2024 (after trading hours), CNTIC Capital as the Lessor Entity and the Company as the Lessee Entity entered into the Equipment Lease Framework Agreement, pursuant to which the parties agreed that, subject to the Leasing Proposed Caps, the Equipment Purchase Agreement and the transactions contemplated under the Equipment Lease Framework Agreement having been approved by the Independent Shareholders by way of poll at the EGM in compliance with the Listing Rules, and at the request of the Company (by itself or on behalf of other members of the Group), the Lessor Entity for itself, or on behalf of any of its subsidiaries or any of its associate(s) against which it shall procure the entering of such leases, shall lease the Lease Equipment, as may be agreed from time to time, to the Lessee Entity (or any such other member of the Group) in accordance with the terms of the relevant Equipment Lease Agreement(s).

On 4 September 2024 (after trading hours), CNTIC as the supplier and the Company as the purchaser entered into the EPC Services Framework Agreement, pursuant to which, subject to the EPC Proposed Caps and the transactions contemplated under the EPC Services Framework Agreement having been approved by the Independent Shareholders by way of poll at the EGM in compliance with the Listing Rules, and at the request of the Company (by itself or on behalf of the other members of the Group), CNTIC (for itself or on behalf of the other members of the CNTIC Group) agreed to provide, and the Company (for itself and on behalf of the Group) has agreed to procure the EPC Services from time to time, subject to the terms of the EPC Services Framework Agreement.

Reference is made to the announcement of the Company dated 23 May 2024 in relation to, among other things, the Gen-sets Supply Framework Agreement entered into between VH and CNTIC for the supply of the gen-sets by VH to CNTIC for the twelve months ending 22 May 2025. For the better management of the transactions between the Group and the CNTIC Group and in view of CNTIC's demand for procurement of equipment and related accessories and technical services in relation to its engineering project business, on 4 September 2024 (after trading hours), CNTIC (as purchaser), the Company (as supplier) and VH (as former supplier) entered into the ETS Supply Framework Agreement, pursuant to which (i) subject to the ETS Proposed Caps and the transactions contemplated under the ETS Supply Framework Agreement having been approved by the Independent Shareholders by way of poll at the EGM in compliance with the Listing Rules, the Company (for itself and on behalf of the Group) may provide the Equipment and Technical Services to the CNTIC Group from time to time; and (ii) VH and CNTIC agreed to terminate the Gen-sets Supply Framework Agreement on the Date of Shareholders' Approval for ETS.

As at the Latest Practicable Date, as CNTIC is the controlling Shareholder and CNTIC Capital is a 95% owned subsidiary of CNTIC, and therefore an associate of CNTIC under Rule 14A.13(1) of the Listing Rules, both CNTIC and CNTIC Capital are connected persons of the Company under the Listing Rules. As such, the transactions contemplated under the Equipment Purchase Agreement constitute connected transactions under Chapter 14A of the Listing Rules and the transactions contemplated under and the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Disposal is more than 75%, the Equipment Purchase Agreement and the transactions contemplated thereunder constitute a very substantial disposal for the Company and are subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios for each of the Leasing Proposed Caps and the EPC Proposed Caps is more than 5%, the transactions contemplated under the Equipment Lease Framework Agreement and the EPC Services Framework Agreement constitute non-exempted continuing connected transactions which are subject to reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, the Company shall re-comply with the requirements under Chapter 14A of the Listing Rules before the Existing Annual Cap is exceeded and/or the ETS Supply Framework Agreement effecting a material change to the terms under the Gen-sets Supply Framework Agreement. As one or more of the applicable percentage ratios for the ETS Proposed Caps, which are applicable to the ETS Supply Framework Agreement which replaces the Gen-sets Supply Framework Agreement, is more than 5%, the transactions contemplated under the ETS Supply Framework Agreement constitute non-exempted continuing connected transactions which are subject to reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

We have not acted as an independent financial adviser and not provided any other services to the Company during the past two years. As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Company or any other parties that could reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions. We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties to the Transactions, and accordingly, are eligible to give independent advice and recommendations on the Transactions. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties that could reasonably be regarded as relevant to our independence.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Suen Wai Yu, Dr. Wang Zheng and Dr. Lin Tun, has been established to advise the Independent Shareholders in respect of (i) the terms of the Equipment Purchase Agreement, the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement are on normal commercial terms that are fair and reasonable; (ii) the Proposed Caps (including the Leasing Proposed Caps, the EPC Proposed Caps and the ETS Proposed Caps) are fair and reasonable; (iii) the continuing connected transactions contemplated under the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement are and will be conducted in the ordinary and usual course of business of the Group; and (iv) the connected transactions contemplated under the Equipment Purchase Agreement and the continuing connected transactions contemplated under the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement are in the interests of the Company and the Shareholders as a whole, taking into account our recommendation.

We, INCU Corporate Finance Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in these regards.

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have relied on the statements, information, opinions and representations relating to the operations, financial condition and prospects of the Group contained or referred to in this Circular and/or provided to us by the Company and the management of the Group. We have assumed that such information and any representation made to us were true, accurate and complete in all material respects as at the Latest Practicable Date and considered that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed by them in this Circular have been arrived at after due and careful consideration and there are no other material facts not contained in this Circular, the omission of which would make any such statement made by them that contained in this Circular misleading in all material respects. We have no reason to doubt the truth or accuracy of the information provided to us, or to believe that any material information has been omitted or withheld.

Our review and analyses were based upon, among others, the information provided by the Group including this Circular, the Valuation Reports and certain published information from the public domain, including but not limited to, the annual report of the Company for the year ended 31 December 2023 (the "**Annual Report 2023**") and the interim report of the Company for the six months ended 30 June 2024 (the "**Interim Report 2024**"). We have also discussed with the Directors and the management of the Company with respect to the terms of and the basis and assumptions adopted in the Valuation Reports and the reasons for and benefits of the Transactions.

We have not, however, for the purpose of this exercise, conducted any in-depth independent investigation into the businesses, affairs and financial positions of the Group nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Transactions, we have taken into account the following principal factors and reasons:

1. Background and financial information of the Group

(a) *Background of the Group*

The Company is an investment holding company. The Group is a gen-set system design and integration service provider and an engine-based distributed power stations owner and operator. The Group's principal businesses include (i) system integration (i.e. designing, integrating and selling gen-sets and power generation systems) ("**SI**"); and (ii) investment, building and operating business (i.e. designing, investing in, building and operating distributed power stations for off-takers) ("**IBO**").

(b) *Financial performance of the Group*

Set out below is a summary of the financial performance of the Group for the two financial years ended 31 December 2022 ("**FY2022**") and 31 December 2023 ("**FY2023**") respectively as extracted from the Annual Report 2023 and for the six months ended 30 June 2023 ("**HY2023**") and 30 June 2024 ("**HY2024**") respectively as extracted from the Interim Report 2024:

	FY2022	**FY2023**	**HY2023**	**HY2024**
	approximately HK$'000 (audited)	*approximately HK$'000 (audited)*	*approximately HK$'000 (unaudited)*	*approximately HK$'000 (unaudited)*
Revenue				
SI	1,945,437	675,322	590,141	345,074
IBO	1,415,888	822,321	407,982	471,493
Total revenue	3,361,325	1,497,643	998,123	816,567
Gross profit	661,878	46,158	136,366	140,549
Loss before taxation	(316,199)	(2,855,002)	(345,469)	(131,574)
Loss for the year/period attributable to the owners of the Company	(316,852)	(2,853,972)	(327,704)	(138,599)

FY2022 vs FY2023

The revenue of the Group was approximately HK$1,497.64 million for FY2023, representing a decrease of approximately HK$1,863.69 million or 55.4%, as compared with the revenue of approximately HK$3,361.33 million for FY2022. According to the Annual Report 2023, such decrease was attributable to (i) the decrease in revenue of SI projects of approximately HK$1,270.12 million as a result of the decrease in sales of engine-based generating units to one of the major customers in Asia; and (ii) the decrease in revenue of IBO projects of approximately HK$593.57 million, which was mainly due to the ongoing curtailment of business presence in Myanmar resulting in a decrease in electricity generation, the deconsolidation of the financial performance of the project in Peru since mid-2022, and the reduction in electricity generation of the project in the United Kingdom.

Due to the reduction in revenue, the gross profit of the Group decreased by approximately HK$615.72 million or 93.0% from approximately HK$661.88 million for FY2022 to HK$46.16 million for FY2023.

The loss attributable to the owners of the Company increased by approximately HK$2,537.12 million or 800.7% from approximately HK$316.85 million for FY2022 to approximately HK$2,853.97 million for FY2023. Such increase was mainly due to (i) the decrease in gross profit as mentioned above; (ii) the increase in impairment of trade receivables of approximately HK$1,092.81 million as result of the impairment of the overdue trade receivables due from subsidiaries of a joint venture of the Company; and (iii) the increase in loss shared from joint ventures of approximately HK$507.17 million mainly as a result of the deteriorated financial performance of a joint venture of the Company, which was principally engaged in the development and operation of three power generation projects in Myanmar.

HY2023 vs HY2024

The revenue of the Group was approximately HK$816.57 million for HY2024, representing a decrease of approximately HK$181.55 million or 18.2%, as compared with the revenue of approximately HK$998.12 million for HY2023. According to the Interim Report 2024, such decrease was the combined effect of (i) the decrease of revenue of SI projects of approximately HK$245.07 million as a result of the adoption of a stricter project and customer selection criteria and accordingly fewer sales orders; and (ii) the increase in revenue of IBO projects of approximately HK$63.51 million as a result of the contribution of the new power station in Indonesia and the increased generation of the power stations in Brazil, which was partly offset by the decrease in revenue from the power station in Myanmar.

Despite the decrease in revenue, the gross profit of the Group increased by approximately HK$4.18 million or 3.1% from approximately HK$136.37 million for HY2023 to approximately HK$140.55 million for HY2024. The increase in gross profit was mainly due to improvement of the gross profit margin of SI business in HY2024.

The loss attributable to the owners of the Company decreased by approximately HK$189.10 million or 57.7% from approximately HK$327.70 million for HY2023 to approximately HK$138.60 million for HY2024. Such decrease was mainly due to (i) the increase in gross profit as mentioned above; (ii) the decrease in administrative expenses of approximately HK$45.90 million as a result of the decrease in demobilisation expenses and depreciation charge; (iii) the decrease in other expenses of approximately HK$71.94 million as a result of the reduction in write-down of inventories to net realizable value; and (iv) the turnaround of the loss shared from joint venture from approximately HK$63.69 million for HY2023 to profit of approximately HK$4.11 million for HY2024 as no further loss from the joint venture in respect of the Group's investment in Myanmar was recorded for HY2024.

(c) ***Financial position of the Group***

Set out below is the consolidated statement of financial position of the Group as at 31 December 2023 and 30 June 2024 respectively as extracted from the Interim Report 2024:

	As at 31 December 2023	**As at 30 June 2024**
	approximately HK$'000	*approximately HK$'000*
	(audited)	*(unaudited)*
Non-current assets		
Property, plant and equipment	2,177,427	2,036,928
Right-of-use assets	35,920	44,834
Other intangible assets	8,997	8,935
Interests in joint ventures	991,780	882,195
Deposits and other receivables	54,169	48,240
Deferred tax assets	20,807	17,173
Total non-current assets	3,289,100	3,038,305
Current assets		
Inventories	1,029,465	832,227
Trade and bills receivables	1,616,207	1,680,195
Prepayments, deposits, other receivables and other assets	141,368	168,629
Derivative financial instruments	—	13,520
Tax recoverable	591	582
Restricted cash	12,259	12,290
Pledged deposits	1,100	783
Cash and cash equivalents	131,233	253,216
Assets held for sale	14,304	—
Total current assets	2,946,527	2,961,442
Total assets	6,235,627	5,999,747

	As at 31 December 2023 *approximately HK$'000 (audited)*	As at 30 June 2024 *approximately HK$'000 (unaudited)*
Current liabilities		
Trade and bills payables	518,638	561,187
Other payables and accruals	753,481	1,012,499
Contract liabilities	233,777	266,130
Derivative financial instruments	6,508	—
Interest-bearing bank and other borrowings	2,717,007	2,332,208
Lease liabilities	13,016	15,803
Tax payable	4,808	5,488
Provision for restoration	5,205	4,774
Total current liabilities	4,252,440	4,198,089
Non-current liabilities		
Other payables	1,259	1,006
Interest-bearing bank and other borrowings	50,194	42,132
Lease liabilities	42,392	48,122
Provision for restoration	279	666
Deferred tax liabilities	5,553	4,535
Total non-current liabilities	99,677	96,461
Total liabilities	4,352,117	4,294,550
Net current liabilities	(1,305,913)	(1,236,647)
Net assets	1,883,510	1,705,197
Current ratio	0.7	0.7
Net gearing ratio	139.2%	123.6%

As shown in the above table, we note that the total assets and total liabilities of the Group do not have material increase or decrease between 31 December 2023 and 30 June 2024. However, we note that, as at 30 June 2024, the Group had total interest-bearing bank and other borrowings of approximately HK$2,374.34 million but only had cash and cash equivalents of approximately HK$253.22 million. The Group may not have sufficient financial resources to repay its debt as the Group was in net current liabilities position of approximately HK$1,236.65 million and the current ratio was 0.7 as at 30 June 2024. Furthermore, the Group also had a high net gearing ratio of approximately 123.6% as at 30 June 2024.

According to the Annual Report 2023, the auditors of the Company have raised material uncertainty related to going concern of the Company. During FY2023, the Group failed to meet certain repayment schedules and/or loan covenants of some bank and other borrowings and no waiver of the non-compliance was obtained from the relevant lending banks or lenders as of 31 December 2023. According to the Interim Report 2024, no waivers have been obtained from the relevant banks for the late repayment of outstanding loan amounts and non-compliance with certain loan covenants. The Directors are undertaking a number of plans and measures to improve the Group's liquidity and financial position as follows:

(i) materialising the disposal of power generation fixed assets and inventory to the controlling shareholder of the Company to obtain proceeds for loan repayments and as working capital;

(ii) utilising the business resources of the controlling shareholder of the Company and other business partners to accelerate new project execution for revenue generation;

(iii) continuing the discussion with the banks on extending repayment schedules of certain outstanding bank loans and implementing refinancing arrangements;

(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.

As stated in the Interim Report 2024, 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 in the Interim Report 2024.

As at the Latest Practicable Date, the Company is still in discussion with the banks and creditors for the extension of repayment schedules and the refinancing plan.

After considering the going concern issue of the Group, in particular that (i) the Group was in net current liabilities position as at 30 June 2024; (ii) the Group had a high gearing ratio as at 30 June 2024; (iii) the Group has failed to meet certain repayment schedules and/or loan covenants of some banks and other borrowings; and (iv) no waivers of the non-compliance have been obtained from the relevant lending banks or lenders as at the Latest Practicable Date, we concur with the view of the Directors that disposal of certain fixed assets can provide immediate fund for the Group to repay part of its loan and debts and will improve Group's liquidity and financial position.

2. Background of CNTIC and CNTIC Capital

CNTIC is a company established under the laws of the PRC with limited liability and a wholly owned subsidiary of Genertec which is under the direct supervision of Central SASAC. Its principal business includes, among other things, import and export of technology, goods and technical services, foreign contract projects and contract energy management.

CNTIC Capital is a company incorporated in Hong Kong with limited liability and a 95% owned subsidiary of CNTIC. Its principal business includes, among other things, overseas investment asset management, engineering contracting work management and trading of electrical equipment.

3. Background of VGH, VH and VML

VGH is a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company that is primarily engaged in the provision of distributed power solutions.

VH is a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company that is primarily engaged in investment holding, trading of engines and components, and sale and installation of power generation systems.

VML is a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company that is primarily engaged in the provision of distributed power solutions in Myanmar.

4. Principal terms of the Equipment Purchase Agreement

The principal terms of the Equipment Purchase Agreement are set out as follows:

Date

4 September 2024 (after trading hours)

Parties

(i) CNTIC Capital, as Buyer 1;

(ii) CNTIC, as Buyer 2 for itself and on behalf of its subsidiaries or associates;

(iii) VGH, as a Seller;

(iv) VH, as a Seller; and

(v) VML, as a Seller.

Subject matter

Subject to the terms and conditions of the Equipment Purchase Agreement,

(i) Buyer 1 agreed to purchase the Equipment Batch 1 and VGH agreed to sell the Equipment Batch 1 on an "as is" and "where is" basis for a price of the US$ equivalent of RMB610,488,119 (approximately HK$671,537,000) (as finally determined based on the Appraised Value of the Equipment);

(ii) Buyer 2 agreed for itself and on behalf of its subsidiaries or associates to purchase the Equipment Batch 2 and each of the Sellers agreed to sell the Equipment Batch 2 on an "as is" and "where is" basis for an aggregate price of RMB660,811,889 (approximately HK$726,893,000) (as finally determined based on the Appraised Value of the Equipment); and

(iii) Buyer 2 further agreed for itself and on behalf of its subsidiaries or associates to purchase the Last Batch Equipment which comprises certain sub-batches of equipment, and VGH and VH further agreed to sell the Last Batch Equipment on an "as is" and "where is" basis for an aggregate price of RMB341,668,962 (approximately HK$375,836,000) (as finally determined based on the Appraised Value of the Last Batch Equipment) upon fulfilment of further conditions as set out in the section headed "4. Principal terms of the Equipment Purchase Agreement — Last Batch Equipment Closing" below.

Price and Last Batch Equipment Price

The Price of RMB1,271,300,008 (approximately HK$1,398,430,000), of which RMB610,488,119 (approximately HK$671,537,000) shall be paid in the US$ equivalent, being the sum of the Equipment Batch 1 Price and the Equipment Batch 2 Price (as finally determined in accordance with the section headed "4. Principal terms of the Equipment Purchase Agreement — Price Adjustment" below), shall be paid by the Buyers on the Closing Date.

The Last Batch Equipment Price of RMB341,668,962 (approximately HK$375,836,000) (as finally determined based on the Appraised Value of the Last Batch Equipment) is the aggregate price of the sub-batches of the Last Batch Equipment. The purchase price of a sub-batch of the Last Batch Equipment shall be paid by Buyer 2 (and/or its subsidiaries and/or associates) on the relevant closing date(s) according to the Last Batch Equipment Purchase Notice.

The Price and the Last Batch Equipment Price were determined after arm's length negotiations among the parties to the Equipment Purchase Agreement with reference to the aggregate valuation of the Equipment and Last Batch Equipment of RMB1,612,968,970 (approximately HK$1,774,266,000) as at 30 June 2024, being the effective date of the Valuation, based on the Valuation Reports. The Price and the Last Batch Equipment Price (as finally determined based on the Appraised Value of the Equipment and the Last Batch Equipment) shall be settled by way of banker's cheque or cashier's order drawn from a bank or by telegraphic transfer to a designated account as directed by the Sellers.

Price Adjustment

Within 30 days after the date of the Equipment Purchase Agreement, each of the Sellers shall use reasonable best efforts to obtain and deliver to the Buyers the Revised Draft Valuation Reports. Upon mutual confirmation and acceptance of the Revised Draft Valuation Reports, such Revised Draft Valuation Reports shall be designated as the Valuation Reports.

To the extent that the Price and the Last Batch Equipment Price deviates from its Appraised Value, the parties shall make adjustments to the Price and the Last Batch Equipment Price and agree to adjust and fix the Final Price to align with the Appraised Value of the Equipment and the Last Batch Equipment. On this basis, the Final Price (being the sum of the Price and the Last Batch Equipment Price) is RMB1,612,968,970 (approximately HK$1,774,266,000), which is the Appraised Value of the Equipment and the Last Batch Equipment.

Conditions

The obligation of the parties to the Equipment Purchase Agreement to consummate the sale and purchase of the Equipment and the Last Batch Equipment, if applicable, is subject to the satisfaction (or waiver in writing by the Buyers, where applicable) of each of the following conditions:

(i) each of the representations, warranties and covenants of each of the Sellers contained in the Equipment Purchase Agreement shall have been true, accurate and complete in all material aspects when made and shall be true, accurate and complete in all material aspects on and as of the Closing Date and the respective Last Batch Equipment Closing Date (as may be applicable) with the same effect as though such representations, warranties and covenants had been made on and as of the Closing Date and the respective Last Batch Equipment Closing Date (as may be applicable), except in either case for those warranties that address matters only as of a particular date, which warranties will have been true and complete as of such date;

(ii) each of the Sellers shall have entered into and delivered the Transaction Documents in the form and substance satisfactory to the Buyers;

(iii) each of the Sellers shall have obtained or made the Necessary Approvals and such Necessary Approvals as may be required to transfer and assign the registered, legal and beneficial ownership interest in the Equipment and the Last Batch Equipment (if applicable) in full to the Buyers, and further that all such Necessary Approvals shall remain valid, unconditional (wherein any conditions related to the Necessary Approvals shall be customary and acceptable to the Buyers at their discretion) and effective up to and including the time immediately prior to the Closing Date and the respective Last Batch Equipment Closing Date (as may be applicable) and have not been revoked, terminated or suspended;

(iv) each of the Sellers shall have completed and finalised the itemised appraisal of the Equipment and the Last Batch Equipment from a reputable appraisal firm approved by the Buyers, the Draft Valuation Reports and the Valuation Reports shall be mutually agreed by the parties to the Equipment Purchase Agreement and delivered to the Buyers prior to the issuance of the Circular;

(v) the necessary resolutions on the approval of the execution and delivery of the Transaction Documents and the performance of the obligations by each of the Sellers thereunder shall have been duly approved by the Board and the Independent Shareholders (as the case may be) at the EGM in accordance with the applicable requirements under the Listing Rules in respect of the transactions contemplated under the Transaction Documents, with such resolutions not having been revoked or vitiated;

(vi) the shareholders of each of the Sellers shall have duly adopted written resolutions approving its execution and delivery of the Transaction Documents and the performance of its obligations thereunder in respect of the transactions contemplated under the Transaction Documents that may be applicable to such Seller, with such resolutions not having been revoked or vitiated;

(vii) the board of directors of each of the Sellers shall have duly resolved to approve its execution and delivery of the Transaction Documents and the performance of its respective obligations thereunder, with such resolutions not having been revoked or vitiated; and

(viii) the Buyers shall have obtained all necessary approvals (including but not limited to approvals and/or filings required by state-owned asset supervision and administration regulations and approval of the board and shareholders of the Buyers) to authorise and approve the execution and delivery of the Equipment Purchase Agreement and consummation of the Disposal.

If any conditions above cannot be satisfied (or waived, where applicable) on or before the Long Stop Date (which had been agreed by the parties to the Equipment Purchase Agreement as 30 November 2024 as at the Latest Practicable Date), the parties to the Equipment Purchase Agreement shall discuss in good faith whether the Disposal will be proceeded or not.

The parties to the Equipment Purchase Agreement shall use their respective best endeavors to procure the fulfilment of the above conditions. If any of the Buyers or any of the Sellers is aware of any fact, matters, event and/or circumstance, which may cause any obstruction to fulfilment of the above conditions, it shall notify the other parties immediately in writing accordingly. The above conditions (iii), (iv), (v), (vi) and (vii) are not waivable.

As at the Latest Practicable Date, save for conditions precedent (iv), (vi) and (vii) having been fulfilled, none of the above conditions had been fulfilled or waived.

Closing

The Closing shall take place on a date to be mutually agreed between the parties in writing within six months from the satisfaction (or waiver in writing by the relevant Buyer, where applicable) of the conditions as set out in the section headed "4. Principal terms of the Equipment Purchase Agreement — Conditions" in the following manner:

(i) VGH shall deliver to Buyer 1 the duly signed bill of sale in respect of the Equipment Batch 1; and

(ii) VGH, VH and VML shall deliver to Buyer 2 (and/or its subsidiaries and/or associates) the duly signed bill of sale in respect of the Equipment Batch 2,

or in such other manner as the Buyers and the Sellers may mutually agree in writing. On the Closing Date, the parties shall exchange original documents evidencing the fulfilment of conditions whereupon the Buyers shall effect payment of the Price. For the avoidance of doubt, unless otherwise agreed between the parties to the Equipment Purchase Agreement, the Closing shall take place simultaneously in respect of all of the Equipment owned by the Sellers.

Last Batch Equipment Closing

The Last Batch Equipment Closing shall be conditional upon (a) the satisfaction (or waiver in writing by Buyer 2 (and/or its subsidiaries and/or associates)), of the conditions mentioned under the section headed "4. Principal terms of the Equipment Purchase Agreement — Conditions", other than the conditions (iv) to (vii) which need not be repeated after the Closing; (b) each of the relevant Sellers having transported the relevant Last Batch Equipment to Indonesia, Singapore or Hong Kong or such other warehouses or sites as may be designated by the Buyers pending the Last Batch Equipment Closing; and (c) further specific approval in respect of the purchase of sub-batch(es) of the Last Batch Equipment (in such mutually agreed

configuration) obtained by Buyer 2 (and/or its subsidiaries and/or associates) upon its evaluation of the information with respect to such sub-batch(es) of the Last Batch Equipment as may be provided by VGH and/or VH (the "**Last Batch Closing Conditions**"). Upon fulfilment of the Last Batch Closing Conditions, Buyer 2 (and/or its subsidiaries and/or associates) shall complete the purchase of such Last Batch Equipment as approved for purchase in accordance with the following terms:

(i) Purchase of Last Batch Equipment by Buyer 2 (and/or its subsidiaries and/or associates) may be completed in multiple transactions, provided that sale and purchase of a sub-batch of the Last Batch Equipment (in such mutually agreed configuration) must be completed in whole but not in part.

(ii) On or before the seventh Business Days before the Last Purchase Date, Buyer 2 (and/or its subsidiaries and/or associates) shall, upon obtaining its further specific approval, issue the Last Batch Equipment Purchase Notice, whereupon within seven Business Days of the date of such Last Batch Equipment Purchase Notice:

(a) VGH or VH shall deliver the duly signed bill of sale in respect of the relevant sub-batch(es) of the Last Batch Equipment to Buyer 2 (and/or its subsidiaries and/or associates) in accordance with the Last Batch Equipment Purchase Notice; and

(b) Buyer 2 (and/or its subsidiaries and/or associates) shall pay the relevant sub-batch(es) of the Last Batch Equipment Price on the Last Batch Equipment Closing Date,

upon which the relevant sub-batch(es) of the Last Batch Equipment Closing in respect of the relevant Last Batch Equipment as specified in such Last Batch Equipment Purchase Notice shall be completed.

The title to the relevant sub-batch(es) of the Last Batch Equipment shall be transferred to Buyer 2 (and/or its subsidiaries and/or associates) upon the occurrence of the Last Batch Equipment Closing in respect of such sub-batch(es) of Last Batch Equipment.

In the event that further specific approval to purchase any part or all of the Last Batch Equipment cannot be obtained from Buyer 2 (and/or its subsidiaries and/or associates) before the Last Purchase Date, the parties may enter into an agreement to extend the Last Purchase Date for the period of one year (the "**Extended Last Purchase Date**") and the Last Batch Equipment Closing Date shall be correspondingly extended so that it falls on or before the Extended Last Purchase Date (the "**Extended Last Batch Equipment Closing Date**"), and mutually agree to adjust the Last Batch Equipment Price in respect of any unsold sub-batch(es) of the Last Batch Equipment in accordance to the appraised value of such unsold sub-batch(es) of the Last Batch Equipment under an updated version of the Valuation Reports (which shall be mutually agreed by the parties) prepared by an independent valuer, which

shall remain valid as at the Extended Last Batch Equipment Closing Date. The entering into of any new agreement between the parties and the performance of obligations contemplated thereunder by the Company shall comply with the then prevailing Listing Rules.

Termination

The Equipment Purchase Agreement may be terminated upon unanimous consent of the parties to the Equipment Purchase Agreement.

In addition, a party is entitled to terminate the Equipment Purchase Agreement with a written notice to the other party, if the other party:

(a) commits a breach of any of its material obligations under the Equipment Purchase Agreement and fails to rectify it within 30 days of the receipt of the written notice of rectification issued by the other party;

(b) is in the process of liquidation (either voluntary or compulsory), or any of its assets is enforced; or

(c) makes a general assignment for the benefit of its creditors, become insolvent or have a receiver appointed.

If any party terminates the Equipment Purchase Agreement pursuant to the termination clause under (a), (b) or (c) above, the other party shall indemnify such party against any and all losses incurred or suffered by it therefrom.

Without prejudice to either party's rights against the other for any antecedent breaches, the parties agreed that they shall discuss in good faith whether to terminate or extend the Equipment Purchase Agreement in the event that the any of the conditions of the Closing in respect of the Equipment fails to be satisfied or waived on or before the Long Stop Date.

Force majeure

Each party shall be entitled to suspend performance of its obligations under the Equipment Purchase Agreement to the extent that such performance is prevented by any act or event which is not reasonably foreseeable and avoidable and which is beyond the reasonable control of the affected party (the "**Force Majeure Event(s)**"). Force Majeure Events shall include, but not be limited to, earthquake, typhoon, flood and other acts of nature, fire, war, riots and terrorist acts.

If any Force Majeure Event occurs, neither party shall be responsible for any damage, increased cost or loss which the other party may sustain by reason of the failure or delay of performance resulting therefrom, and such failure or delay shall not be deemed a breach of the Equipment Purchase Agreement. The party claiming a Force Majeure Event shall take appropriate measures to minimise or remove the effects of the Force Majeure Event and exert efforts to resume full performance of its obligations thereunder as early as possible.

5. Information of the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment

The Equipment Batch 1 includes 161 units of mobile power generating sets and their ancillary equipment and accessories currently in operation; the Equipment Batch 2 includes 115 units of mobile power generating sets and their related ancillary equipment and accessories currently not in operation; and the Last Batch Equipment includes 67 units of mobile power generating sets and their ancillary equipment and accessories currently not in operation. The Equipment Batch 2 and the Last Batch Equipment ceased to operate upon the expiry of the relevant power purchase agreements which took place during the period from September 2020 to June 2024.

The unaudited net profit/(loss) attributable to the Equipment Batch 1 and the Equipment Batch 2 and the Last Batch Equipment for each of the two financial years ended 31 December 2022 and 31 December 2023 are set out below:

	FY2022	**FY2023**
	approximately	*approximately*
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Net profit/(loss) before taxation	93,045	(188,000)
Net profit/(loss) after taxation	87,426	(188,859)

According to the Letter from the Board, the Equipment Batch 1 and the Equipment Batch 2 and the Last Batch Equipment recorded unaudited net profit for FY2022 and unaudited net loss for FY2023. Such decrease was primarily attributable to (i) the substantial decrease in revenue resulted from the Group's curtailment of business presence in Myanmar and the reduced electricity generated by the Equipment and the Last Batch Equipment; and (ii) the written off of trade receivables recorded under other expenses.

The aggregate unaudited net book value of the Equipment Batch 1 and the Equipment Batch 2 and the Last Batch Equipment as at 30 June 2024 was approximately HK$1,405 million.

6. Valuation of the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment

As disclosed in the Letter from the Board, the Company has engaged the Valuer, a registered valuer in the PRC, to conduct valuation on the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment and to prepare the Valuation Reports. The Price and the Last Batch Equipment Price were determined after arm's length negotiations among the parties to the Equipment Purchase Agreement with reference to the aggregate valuation of the Equipment Batch 1 and the Equipment Batch 2 and Last Batch Equipment of RMB1,612,968,970 (approximately HK$1,774,266,000) as at 30 June 2024, being the effective date of the Valuation, based on the Valuation Reports.

Qualifications of the Valuer

For our due diligence purpose, we have reviewed and enquired into (i) the terms of engagement of the Valuer with the Company; (ii) the Valuer's background and qualification in relation to the preparation of the Valuation Reports; and (iii) the steps and due diligence measures taken by the Valuer for conducting the Valuation Reports. From the information provided by the Valuer and based on our discussion with them, we understand that Mr. Li Yonggang, being the person-in-charge of the Valuation, has over 22 years of experience in over 300 valuation projects for on-shore or off-shore transactions. He is a Chinese Public Valuer (CPV), Certified Practising Accountant (CPA) Australia, a member of Royal Institution of Chartered Surveyors (MRICS), Chinese Merger and Acquisition Analyst (CD), and a nomination committee member of the International Valuation Standards Council (IVSC), and an expert member of the World Association of Valuation Organisations (WAVO). The scope of work performed by the Valuer includes preparation for assessment, on-site inspections, data collection from various sources, asset value estimations and internal audits prior to the issuance of the Valuation Reports. There are no limitations on their scope of work noted. With reference to the website of the Valuer, the Valuer was established in 1996 and currently has over 1,000 valuation staff, including 400 assets valuers and 300 industry experts. As confirmed by the Valuer, the Valuer is independent to the Group and the counter-parties of the Equipment Purchase Agreement. Therefore, we are satisfied with the Valuer's qualification for preparation of the Valuation Reports.

Valuation methodology

In assessing the fairness and reasonableness of the consideration of the Acquisition, we have reviewed the Valuation Reports and upon our further discussion with the Valuer, we agree with the Valuer to adopt cost approach in arriving the appraised value of the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment after considering the following reasons:

(1) *Income approach*

The income approach refers to valuation methods that capitalize or discount the expected income of the subject to determine its value. Since part of the equipment is not in operation, the expected income from such equipment is uncertain. As income approach is highly dependent on the financial projection of the appraised assets with significant level of unobservable and subjective assumptions, income approach is not appropriate.

(2) *Market approach*

The market approach refers to the valuation methods that determine the value of the valuation object by comparing with the market price of the comparable reference objects. Since there is no active trading market for the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment, market approach is not applicable.

(3) *Cost approach*

The cost approach refers to the valuation methods that follow the idea of rebuilding or replacing the object being evaluated based on the cost of reconstruction or replacement as the basis for determining the value of the object and deducting relevant depreciation to determine the value of the object. Since the equipment purchase costs and the integrated depreciation rate of the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment can be reasonably estimated and obtained, we agree with the Valuer to adopt the cost approach in arriving the Valuation.

We have reviewed and discussed the basis and assumptions adopted in the Valuation Reports. During the course of our discussion with the Valuer, we understand that the Valuer has performed the following steps to evaluate the market value of the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment before the despatch of the Valuation Reports:

1. provide a list of required information for appraisal value of the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment;

2. review information provided by the Company;

3. perform on-site survey and inspect the specifications, models, number and distribution of the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment (if applicable);

4. complete the survey documents based on the information collected from the on-site surveys (if applicable);

5. verify the information provided by the Company;

6. collect market information and related data for the Valuation;

7. select appropriate valuation approach; and

8. submit the preliminary asset appraisal report for internal review.

For our due diligence purpose, we have obtained from the Valuer the underlying calculation of the Valuation. From our review of the underlying calculation of the Valuation, the appraised value of the equipment was calculated based on the equipment purchase costs and the integrated deprecation rate of each equipment.

As discussed with the Valuer, the integrated deprecation rate was determined based on the useful economic life and the years already used of the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment with reference to (i) Handbook of Common Data and Parameters for Asset Valuation (資產評估常用數據與參數手冊) (the "**Handbook**"), which is written by the experts from the PRC government and professional bodies, including the Ministry of Finance, the National Development and Planning Commission, the Ministry of Land and Resources and the National Bureau of Statistics, the Chinese Institute of Certified Public Accountants, the Machinery Industry Price Research Centre and the China Price Association and is commonly used as reference for useful economic life in the PRC; and (ii) the information collected from the on-site surveys including the existence, year of purchase, usage condition, physical condition and maintenance status of each equipment. The Valuer has performed on-site survey for the inspection of the physical condition of the equipment but, due to the unstable political environment in Myanmar, the Valuer was not able to perform on-site surveys for the equipment located in Myanmar. However, the Valuer adopted alternative check method for the useful economic life of those equipment, including inspection of the equipment by online communication with the Company's staff in Myanmar, recent photos of the equipment, the Handbook and equipment purchase contracts and invoices, which met the required valuation assessment standards same as conducting on-site surveys as discussed above. Therefore, the Valuer considered the inability to perform on-site surveys in Myanmar is not a limitation of the Valuation. In order to assess the estimation of the reasonableness of the integrated deprecation rate and the useful economic life of the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment in the underlying calculation of the Valuation, we have obtained and reviewed the relevant parameters in the Handbook and the samples of on-site and online survey records of the inspection of the equipment and checked with the underlying calculation of the Valuation.

The equipment purchase costs of the equipment were based on the free on board ("**FOB**") offshore purchase price of the equipment with the inclusion of overseas transportation fee, insurance fee, customs duty, bank financial fee, import agency fee and domestic miscellaneous transportation fee. In this regard, we have reviewed samples of the FOB offshore purchase price of the equipment as obtained from the suppliers by the Valuer for the Valuation and checked with the equipment purchase costs in the underlying calculation of the Valuation.

After reviewing (i) the basis and underlying calculation of the Valuation (including the quantitative input used in the Valuation); (ii) the on-site and online survey records of the inspection of the equipment as performed by the Valuer and the Handbook; and (iii) the market information of equipment collected by the Valuer, we consider the above methodology and the basis and assumption of the Valuation are reasonable approaches in establishing the appraised values of the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment.

Valuation result

The Valuation of the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment is summarised as follows:

	Equipment Batch 1	**Equipment Batch 2**	**Last Batch Equipment**
	RMB	*RMB*	*RMB*
Equipment purchase costs (A) *(Note 1)*	1,087,582,329	1,040,671,049	542,573,132
Integrated depreciation rate (B) *(Note 2)*	56.1%	63.5%	63.0%
Appraised value = (A) × (B)	610,488,119	660,811,889	341,668,962
Net book value as at 30 June 2024 *(Note 3)*	491,495,860	500,773,070	286,880,569
Appreciation rate	24.2%	32.0%	19.1%

Notes:

1. The equipment purchase costs mainly include FOB offshore purchase costs along with associated expenses including overseas transportation fee, insurance fee, customs duty, bank financial fee, import agency fee and domestic miscellaneous transportation fee.

2. The integrated depreciation rate in this table represents the weighted average remaining useful years of the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment (the "**Weighted Average Remaining Useful Years**") divided by the sum of the Weighted Average Remaining Useful Years and the weighted average years already used for the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment.

3. The net book value of the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment has been translated into RMB at the rate of HK$1 = RMB0.91268, which is the exchange rate published by the People's Bank of China as at 28 June 2024.

The sum of the appraised value of the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment of approximately RMB1,612.97 million represents an increase of approximately RMB333.82 million or 26.1% as compared with the total net book value of the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment of approximately RMB1,279.15 million as at 30 June 2024. Based on our review of the underlying calculation and our discussion with the Valuer, the increase in appraised value is mainly due to (i) the increase in FOB offshore purchase price of the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment, which leads to the increase in the equipment purchase costs; and (ii) the adoption of longer useful economic life of the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment in the Valuation than their depreciation period adopted in the financial statements of the Company as the integrated depreciation rate used in the Valuation was determined based on the useful economic life of the Equipment Batch 1, the

Equipment Batch 2 and the Last Batch Equipment with reference to the information collected from the on-site and online surveys as discussed above while the deprecation rate used in the accounts was based on the accounting policy.

Based on our review of and our discussion with the Valuer regarding (i) the scope of work and experiences of the Valuer; (ii) the reasons and appropriateness of adopting the cost approach for the Valuation; (iii) the basis, assumptions and methodology adopted in the Valuation Reports; and (iv) the valuation work performed by the Valuer, including the underlying calculation of the Valuation, the on-site and online survey records and the market information of the equipment collected by the Valuer, we consider that the valuation performed by the Valuer as well as the basis, assumptions and methodology adopted in the Valuation Reports are appropriate. Therefore, after considering that the Price and the Last Batch Equipment Price were based on the aggregate valuation of the Equipment Batch 1 and the Equipment Batch 2 and Last Batch Equipment as set out in the Valuation, we consider the terms of the Equipment Purchase Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

7. Principal terms of the Equipment Lease Framework Agreement

The principal terms of the Equipment Lease Framework Agreement are set out as follows:

Date

4 September 2024 (after trading hours)

Parties

(i) CNTIC Capital, as the Lessor Entity; and

(ii) the Company, as the Lessee Entity.

Subject matter

Subject to the Leasing Proposed Caps, the Equipment Purchase Agreement and the transactions contemplated under the Equipment Lease Framework Agreement having been approved by the Independent Shareholders by way of poll at the EGM in compliance with the Listing Rules, the parties agreed that, at the request of the Company (by itself or on behalf of other members of the Group), the Lessor Entity for itself, or on behalf of any of its subsidiaries or any of its associate(s) against which it shall procure the entering of such leases, shall lease such machinery and equipment constituting part of the Lease Equipment (which is the same batch of equipment identified as the Equipment Batch 1) as set out in the Equipment Lease Framework Agreement to the Lessee Entity (or such other member of the Group).

The Lessor Entity (and/or its subsidiaries and/or its associates) and the Lessee Entity (or such other member of the Group) shall enter into specific Equipment Lease Agreement in respect of each transaction contemplated under the Equipment Lease Framework Agreement

and shall be performed separately by the Lessor Entity (and/or its subsidiaries and/or its associates) and/or the relevant member of the Group (as the case may be) in accordance with the terms thereunder and further in accordance with the principal terms under the Equipment Lease Framework Agreement. The Equipment Lease Agreements to be entered under the Equipment Lease Framework Agreement will be classified as operating leases on the basis that the risks and rewards incidental to ownership of the Lease Equipment will not substantially be transferred to the Lessee Entity or relevant member of the Group.

The Lessor Entity and the Lessee Entity agreed that the continuing provision of the equipment lease by the Lessor Entity (and/or its subsidiaries and/or its associates) to the Lessee Entity (or any member of the Group) in accordance with the terms of the Equipment Lease Framework Agreement from time to time under the Equipment Lease Agreement(s) to be entered from time to time shall be conducted on normal commercial terms or better, from the perspective of the Group, in particular:

(a) the terms of the Leasing CCT must be fair and reasonable and in the interest of the Shareholders as a whole;

(b) the Leasing CCT shall be on terms no less favourable to the Group than the terms offered by independent third parties;

(c) the Leasing CCT shall be in the ordinary and usual course of business of Group and conducted after arm's length negotiations;

(d) the Leasing CCT shall not exceed the Leasing Proposed Caps without re-complying with the requirements of the Listing Rules with regard to continuing connected transactions, unless such Leasing Proposed Caps shall be refreshed and revised by the Independent Shareholders at a general meeting held during the course of the particular financial year;

(e) the entering and performance of any of such Equipment Lease Agreement(s) shall comply with all applicable laws, registrations, filings or approvals as may be imposed by any governmental authorities over which it has jurisdiction and the Lessee Entity or relevant member of the Group as lessee, shall be responsible for and bear all the costs and expenses relating to any such registrations, filing or approvals; and

(f) in the event that any of the registrations, filings or approvals are subject to conditions by the relevant governmental authorities, the Lessor Entity (and/or its subsidiaries and/or its associates) shall be entitled, at its sole and absolute discretion, determine the reasonableness and acceptability of such conditions.

The Lessor Entity acknowledged the performance of duties and obligations under the Equipment Lease Framework Agreement and the Equipment Lease Agreements by the Group will be subject to compliance by the Company with the rules on continuing connected transactions under the Listing Rules.

Term

The term of the Equipment Lease Framework Agreement shall commence on the Commencement Date and shall have a term of three years effective from the Commencement Date.

Annual Caps

The Lessor Entity and the Company agreed that the maximum aggregate amount in regards to the value of the right-of-use asset recognized by the Group would not exceed the Leasing Proposed Caps, unless otherwise notified by the Company to the Lessor Entity in writing (in which case the Company shall ensure that the disclosure and independent shareholders' approval requirements under the Listing Rules in respect of the refreshed annual caps shall be complied with).

The Lessor Entity acknowledged that the transactions contemplated under the Equipment Lease Framework Agreement will constitute continuing connected transactions of the Company under the Listing Rules.

Lease Payment

The rent payable by the Lessee Entity or relevant member of the Group to the relevant Lessor Entity (and/or its subsidiaries and/or its associates) shall be determined in accordance with the relevant Equipment Lease Agreement(s) under which the Lease Equipment is being governed, and the terms of these relevant Equipment Lease Agreements shall be determined with arm's length negotiations amongst the relevant parties with reference to two fee quotations obtained by the Group from the market.

The parties agreed that all deductions, fees, levies and other outgoings that are applicable to the lease and rent payable under the relevant Equipment Lease Agreement(s) shall be borne entirely by the relevant lessee and the relevant lessee's obligations under the relevant Equipment Lease Agreement to pay the rent and any such deductions, fees, levies, taxes and other outgoings (i) shall be absolute, irrevocable and unconditional; (ii) shall not be subject to any right of set off, counterclaim, deduction, defense or other right such lessees may have against the lessors; and (iii) is not subject to any abatement, counterclaim, defense, deferment, interruption, recoupment, reduction or set-off of any kind for any reason whatsoever.

Conditions Precedent

The commencement of the Equipment Lease Framework Agreement shall be conditional upon:

(i) all representations, warranties and undertakings given by the Lessor Entity and the Lessee Entity under the Equipment Lease Framework Agreement remaining valid, true and accurate in all material respects;

(ii) the Independent Shareholders having approved the Equipment Purchase Agreement and the transactions contemplated thereunder, the Equipment Lease Framework Agreement and the transactions contemplated hereunder (including the Leasing Proposed Caps in relation to the rents of the Lease Equipment) by way of poll at the EGM;

(iii) (if necessary) all authorities, authorisations, approvals, consents, waivers and permits which are necessary or relevant to give effect to the Equipment Lease Framework Agreement and the Leasing CCT having been granted, received or obtained and not revoked or suspended; and

(iv) the Equipment Purchase Agreement having been completed in accordance with its terms.

Save for the above condition precedent (i) which can be waived by the relevant Lessor Entity or the Lessee Entity (as the case may be), and condition precedent (iv) which can be waived by the Lessor Entity, none of the above conditions precedent can be waived by the Lessor Entity or the Lessee Entity.

As at the Latest Practicable Date, none of the above condition precedents had been fulfilled or waived.

Irrevocable Undertakings

The Lessor Entity undertakes that, so long as the Shares are listed and traded on the Stock Exchange, the Lessor Entity shall provide and procure its subsidiaries and associates (if applicable) to provide such information as relates to the Leasing CCT to the auditors, independent non-executive directors, independent financial adviser(s) and/or other professional advisers to the Lessee Entity (or such member of the Group) as may be reasonably requested by the Lessee Entity (or such member of the Group) for the sole purpose of complying with the Listing Rules and applicable laws and regulations, and provided that the provision of such information shall not be prohibited or restricted by any applicable laws, regulations or rules to which the Lessor Entity may be subject. The Lessee Entity undertakes that it shall ensure and shall procure that the auditors, independent non-executive directors, independent financial adviser(s) and/or other professional advisers of the Group shall ensure that all such information as may be provided by the Lessor Entity shall be subject to the strictest

confidentiality and be shared amongst the persons above stated only on a need to know basis and not be disclosed to any parties or made publicly available in any manner whatsoever without the express written permission of the Lessor Entity.

Termination

The parties may mutually agree to terminate the Equipment Lease Framework Agreement on such terms as may be mutually acceptable. Further, the Equipment Lease Framework Agreement shall be terminated immediately:

(a) on notice given by either party at any time following any material breach by the other party of its obligations hereunder; or

(b) on the expiry of the term unless otherwise renewed by the parties.

Upon the termination of the Equipment Lease Framework Agreement, all obligations of each party shall cease and terminate and no party shall have any claim against the other parties in respect of any matter arising out of or in connection with the Equipment Lease Framework Agreement, subject to accrued rights of either party in respect of any antecedent breaches of any obligations under the Equipment Lease Framework Agreement. For the avoidance of doubt, termination of the Equipment Lease Framework Agreement shall not affect the leasing of the Lease Equipment under the individual leases that have become effective prior to the termination of the Equipment Lease Framework Agreement which shall continue to be governed under such terms thereunder.

The Equipment Lease Framework Agreement is renewable by the parties entering into a new or renewal agreement before the expiration of the term for another term of three years, subject to compliance by the Company with the relevant requirements under the applicable laws and the Listing Rules (as the case may be).

Equipment Lease Agreement(s)

Subject to the Leasing Proposed Caps, the Equipment Purchase Agreement and the transactions contemplated under the Equipment Lease Framework Agreement having been approved by the Independent Shareholders by way of poll at the EGM in compliance with the Listing Rules, the Lessor Entity and the Lessee Entity agree that, at the request of the Company (by itself or on behalf of other members of the Group), the Lessor Entity for itself, or on behalf of any of its subsidiaries or any of its associate(s) against which it shall procure the entering of such leases, shall lease the Lease Equipment from time to time, to the Lessee Entity (or any such other members of the Group) in accordance with the terms of the relevant Equipment Lease Agreement(s).

The principal terms of the Equipment Lease Agreement(s) with the relevant member(s) of the Group as lessee and CNTIC Capital (and/or its subsidiaries and/or its associates) as lessor, which are set out in the Equipment Lease Framework Agreement, are set out below:

Rent:	The lessee shall pay rent on a semi-annual basis in the amounts and on the dates set forth on the rent schedule as set out in each Equipment Lease Agreement, during the term of the lease.
Term:	The term of each lease shall commence on the date of the respective Equipment Lease Agreement and, unless earlier terminated as provided pursuant to the termination clause, shall have a term of three years effective from the date of the lease under the respective Equipment Lease Agreement.
Transfer of lease equipment upon termination:	Except as otherwise provided, upon the termination of the lease, the lessee shall, at the lessee's sole expense, de-install, assemble, pack properly and in accordance with the manufacturer's instructions (under the supervision of persons acceptable to the lessor) and in accordance with the lessor's reasonable instructions, return to the lessor all, but not less than all, the lease equipment forming subject under the respective Equipment Lease Agreement by delivering such lease equipment to and unloading it at such location or with such common carrier as the lessor specifies. The lessee shall assign all of its rights, title and interest under all material contract with respect to such lease equipment to the lessor. If, in the reasonable opinion of the lessor, any such lease equipment fails to meet the standards set forth above, the lessee agrees to pay, on demand, all reasonable and documented costs and expenses incurred in connection with the repairing and restoring of such lease equipment so as to meet such standards.

Leasing Proposed Caps and the basis of determination

The Leasing Proposed Caps represent the estimated caps on the right-of-use assets in respect of the Lease Equipment for respective year/period during the term of the Equipment Lease Framework Agreement. It is expected that the Leasing Proposed Cap for each of the respective year/period will not exceed the amount set out below:

	For the period from the Commencement Date to 31 December 2024	**For the financial year ending 31 December 2025**	**For the financial year ending 31 December 2026**	**For the period from 1 January 2027 to the end of the term of the Equipment Lease Framework Agreement**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Leasing Proposed Caps	32,428	—	—	—

According to the Letter from the Board, the Leasing Proposed Caps under the Equipment Lease Framework Agreement were determined based on the following key factors:

(i) the expected total power generation capacity requirement of approximately 260 megawatts involved during the term of the Equipment Lease Framework Agreement;

(ii) the rents of equipment based on the power generation capacity of the Lease Equipment ranging from approximately US$2,500 to US$5,600 per megawatt per month;

(iii) the expectation that the Leasing will be entered into around late 2024 (subject to the completion of the Equipment Purchase Agreement and the Equipment Lease Framework Agreement becoming effective in accordance with its terms) and none of the Leasing will be entered into during the years ending 31 December 2025 and 2026 and the period from 1 January 2027 to the end of the term of the Equipment Lease Framework Agreement; and

(iv) the value of the Group's rights to use the Lease Equipment during the term of the Equipment Lease Framework Agreement which is initially measured on present value basis and calculated by discounting the expected lease payments at a rate of 7% per annum. This discount rate is established based on the Group's prevailing weighted average interest rate of the loan facilities and a buffer for possible future interest rate reductions.

We have reviewed the calculation of the Leasing Proposed Caps as provided by the management of the Company. We note that the Leasing Proposed Caps of approximately US$32.43 million to be recorded as right-of-use assets and lease liabilities on the Commencement Date represent the net present value as calculated based on (i) the total monthly rental expenses of US$1,061,000, which is payable semi-annually; and (ii) the annual discount rate of 7.0%. As discussed with the management of the Company, the rental expenses for computation of the Leasing Proposed Caps were determined after arm's length negotiations with the Lessor Entity and with reference to the rental price per megawatt offered by the independent third parties. We have obtained and reviewed the rental prices of various comparable equipment in the market in 2023 and 2024 offered by eight independent third parties to other parties as obtained by the Company and confirmed that the rental price offered by CNTIC Capital (and/or its subsidiaries) as set out in the calculation of the Leasing Proposed Caps are no less favourable than that offered by the independent third parties. As discussed with the management of the Company, the annual discount rate of 7.0% was determined based on the weighted average interest rate of the borrowings of approximately 7.8% under the relevant loan facilities in relation to the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment and the buffer for potential interest rate reductions in the future. We have reviewed the calculation of the weighted average interest rate of the borrowings as mentioned above and the statement (https://www.federalreserve.gov/newsevents/pressreleases/monetary20240918a.htm) and the economic forecast (https://www.federalreserve.gov/monetarypolicy/fomcprojtabl20240918.htm) released by the Federal Reserve on 18 September 2024. According to the statement and the economic forecast of the Federal Reserve, on 18 September 2024, the Federal Reserve decided to lower the target range for the federal funds rate by 0.5% to 4.75% to 5%, down from its prior range of 5.25% to 5.5%. On the same date, the Federal Reserve also released its updated economic projections for the coming years, which most of the Federal Reserve committee members considered that the appropriate target level for the federal funds rate would fall under the range of 4.38% to 4.87% by the end of 2024 with a median of approximately 4.4% as compared with the median of 5.1% in the Federal Reserve's projection released in June 2024. As such, after considering the potential federal funds rate reductions by the Federal Reserve in 2024, we consider that the buffer for potential interest rate cut used in the calculation of the annual discount rate is fair and reasonable.

After reviewing (i) the rental price offered by the independent third parties; (ii) the calculation of the weighted average interest rate of the borrowings; and (iii) the potential federal funds rate reductions by the Federal Reserve in 2024, we consider that the Leasing Proposed Caps are fair and reasonable and thus the terms of Equipment Lease Framework Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

8. Financial effects of the Disposal

For the year ended 31 December 2023, the Group recorded an audited loss for the year of approximately HK$2,854 million. Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix IV to the Circular, assuming the Closing and the Last Batch Equipment Closing had taken place on 31 December 2023, the unaudited pro forma consolidated loss of the Remaining Group for the year ended 31 December 2023 would be approximately HK$2,806 million.

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix IV to the Circular, assuming the Closing and the Last Batch Equipment Closing had taken place on 30 June 2024, the total assets of the Group would be increased from approximately HK$6,000 million to approximately HK$6,360 million and the total liabilities of the Remaining Group would be increased from approximately HK$4,295 million to approximately HK$4,313 million. The details of the financial effect of the Disposal on the financial position of the Group together with the bases and assumptions taken into account in preparing the unaudited pro forma financial information of the Remaining Group are set out, for illustration purpose only, in Appendix IV to the Circular.

Upon Closing and the Last Batch Equipment Closing, the Company will cease to have any interests (other than a right to use such equipment under the respective Equipment Lease Agreement(s)) in the Equipment and the Last Batch Equipment respectively.

9. Financial implications and use of proceeds of the Disposal and the reasons for and benefits of entering into the Equipment Purchase Agreement and the Equipment Lease Framework Agreement

According to the Letter from the Board, as a result of the Disposal, the Directors expect that the Group will record an unaudited gain on the Disposal of approximately HK$369 million, being the difference between the consideration of the Disposal of approximately HK$1,774 million, and the total unaudited net book value of the Equipment and the Last Batch Equipment of approximately HK$1,405 million which includes an unaudited net book value of approximately HK$1,392 million as at 30 June 2024 and an unaudited net book value of approximately HK$13 million of certain construction in progress items recognised subsequent to 30 June 2024. Such calculation is only an estimate provided for illustrative purposes and the accounting impact of the Disposal will be subject to audit by the auditors of the Company.

The net proceeds from the Disposal (after deducting tax expenses of approximately HK$22 million and other transaction costs of approximately HK$5 million expected to be incurred in relation to the Disposal) are approximately HK$1,747 million. The Group intends to use such net proceeds of 70%–80% for repayment of certain short-term borrowings and the remaining 20%–30% as general working capital.

As stated in the Letter from the Board, the Group has faced challenges due to the uncertain macroeconomic landscape characterised by geopolitical conflicts, inflation and increased borrowing costs. Following the political incidents in Myanmar, which took place in early February 2021, there arose adverse changes in the political, economic and social environments, which have brought prolonged challenges to the operations and financial position of the Group which has investment and operation in the country. While the Group has managed to scale down its business exposure locally to limit the financial impacts, its overall business plan to redeploy the Equipment Batch 2 and the Last Batch Equipment which are currently located in Myanmar and other Southeast Asian countries for new projects has been interrupted for the past few years resulting in unsatisfactory financial performance. For FY2023, the Group recorded a substantial increase in net loss which was mainly due to (i) a significant revenue decline; (ii) a considerable increase in impairment of trade receivables; and (iii) a substantial increase in share of losses of joint ventures. As at 31 December 2023, the Group's outstanding interest-bearing bank and other borrowings totalled approximately HK$2,767.2 million, among which short-term bank borrowings and other borrowings were approximately HK$2,641.9 million and approximately HK$75.1 million respectively. In contrast, the Group's cash and cash equivalents amounted to approximately HK$131.2 million. The above cumulatively indicates that the Group has to increase its financial resources, refine its debt portfolio and strengthen its financial position.

Based on the information available to the Directors, the Disposal will generate no less than HK$1,747 million cash to the Group. Considering the current financial, indebtedness and liquidity position of the Group, the Disposal represents an opportunity for the Group to monetise the assets at a fair and reasonable price for immediate cash inflow to repay the short-term borrowings and hence reduce its overall debt burden and corresponding finance costs. The improved financial metrics such as debt-to-equity ratio, interest coverage ratio, and return on assets will also empower the Group with the ability to facilitate other fundraising activities in the future.

Meanwhile, the Group will lease from the Lessor Entity the Lease Equipment which is currently operational in the Group's power stations for generating electricity to its customers. Entering into Leasing CCT allows the Group to continue the operation of all of its distributed power stations in Indonesia without any interruption. The Leasing CCT ensures the Group's business continuity and operational stability while eliminating the need for significant capital investment in purchasing new equipment for the distributed power stations in operation to fulfil its contractual obligations as an operator of power stations.

The Disposal and Leasing CCT together form a strategic solution for the Group to resolve the short-term financial strain, facilitate capital structure enhancement and achieve operational flexibility and efficiency simultaneously. CNTIC has been a long-standing business partner of the Group who has made remarkable contribution to the Group's business development including providing competitive commercial terms in the business arrangements. The Disposal and Leasing CCT further represent its committed support to the Group's business sustainability by empowering the Group to focus the resources on vitalising its businesses and capturing the prevailing market opportunities brought by the increasing demand for distributed power.

In case that the Leasing CCT is not approved by the Independent Shareholders together with the Disposal, the Group will consider options including replacement of the majority of the equipment with its inventory and leasing from independent third parties from whom the Group has received fee quotations for the remaining part of the equipment or collaboration with the controlling Shareholder and local partners to continue the operation of the relevant power projects. The Group, after taking into consideration of the above alternative solutions other than Leasing CCT, does not expect material interruption to its operations. Upon expiry of the term of the Equipment Lease Framework Agreement, the Group will re-assess its operational needs for equipment based on the operational status of its power projects and explore solutions to meet such needs, including but not limited to renewing the leasing agreements with the Lessor Entity. Based on our review of the documents of the rental price offered by the independent third parties to other parties as obtained by the Company as mentioned in the section headed "7. Principal terms of the Equipment Lease Framework Agreement" above in this letter, we consider that the abovementioned alternative solution of replacement of the equipment by leasing from independent third parties is viable if the Leasing CCT is not approved by the Independent Shareholders.

As mentioned in the section headed "1. Background and financial information of the Group" above in this letter, the auditors of the Company have raised material uncertainty related to going concern of the Company in the Annual Report 2023 and the Group failed to meet certain repayment schedules and/or loan covenants of some of the bank and other borrowings; and no waiver of the non-compliance was obtained from the relevant lending banks or lenders. As such, we have obtained and reviewed the list of borrowings of the Group as provided by the Company. According to the list of borrowings, as at 30 June 2024, the Group had in total approximately HK$2,857.94 million of bank borrowings, other borrowings and other payables. We note that the net proceeds to be allocated for the repayment of the short-term borrowings ranged from HK$1,222.90 million to HK$1,397.60 million are insufficient to cover the borrowings in the list of borrowings. Furthermore, according to the section headed "4. Working Capital" in the Appendix I to the Circular, we note that the Group may not have sufficient working capital for the next 12 months from the date of the Circular based on the Group's present requirements. As discussed with the management of the Company, the Company (i) would continue the negotiation with the creditors and banks to extend the repayment schedules or seek for refinancing arrangements for the remaining borrowings after part of the outstanding borrowings have been repaid by the net proceeds from the Disposal; and (ii) consider to dispose any investment held by a joint venture. As the financial position of the Group will be restored to a net current asset position from a net current liabilities position upon the completion of the Disposal with reference to the pro forma financial statements as set out in Appendix IV to the Circular, we consider that improvement of the financial position of the Group as a result of the Disposal will ease the short-term financial difficulties of the Group and provide time for the management of the Company to negotiate with the creditors and banks and/or seek for any other alternative financing for the remaining borrowings. After considering that (i) the Disposal will provide immediate fund to the Group to repay part of its bank and other borrowings; (ii) the Disposal will provide an unaudited gain on the Disposal of approximately HK$369 million as stated in the Letter from the Board; (iii) the financial position of the Group will be restored to a net current asset position from a net current liabilities position upon the completion of the Disposal with reference to the pro forma financial statements as set out in

Appendix IV to the Circular; (iv) the Valuation is fair and reasonable as discussed in the section headed "6. Valuation of the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment" above in this letter; (v) the Leasing Proposed Caps are fair and reasonable as discussed in the section headed "7. Principal terms of the Equipment Lease Framework Agreement" above in this letter; and (vi) the Leasing CCT will provide an alternative solution for the Group to continue the operation of all of its distributed power stations in Indonesia without any interruption after the Disposal, we consider that entering into the Equipment Purchase Agreement and the Equipment Lease Framework Agreement are in the interests of the Company and the Shareholders as a whole.

10. Principal terms of the EPC Services Framework Agreement

The principal terms of the EPC Services Framework Agreement are as follows:

Date

4 September 2024 (after trading hours)

Parties

(i) CNTIC, as supplier; and

(ii) the Company, as purchaser.

Term

The term of the EPC Services Framework Agreement shall commence on the Date of Shareholders' Approval for EPC and shall have a term of three years effective from the Date of Shareholders' Approval for EPC.

The EPC Services Framework Agreement is renewable by the parties entering into a new or renewal agreement before the expiration of the term for another term of three years, subject to compliance by the Company with the relevant requirements under the applicable laws and the Listing Rules (as the case may be).

Scope of services

Subject to the EPC Proposed Caps and the transactions contemplated under the EPC Services Framework Agreement having been approved by the Independent Shareholders by way of poll at the EGM in compliance with the Listing Rules, and at the request of the Company (by itself or on behalf of the other members of the Group), CNTIC (for itself or on behalf of the other members of the CNTIC Group) agreed to provide, and the Company (for itself and on behalf of the Group) agreed to procure the EPC Services from time to time.

The relevant member(s) of the CNTIC Group and the Group shall enter into specific agreements in respect of each transaction contemplated under the EPC Services Framework Agreement, which shall specify terms of the EPC Services to be provided. Each specific

agreement shall specify, at a minimum, the following information: scope of service, fees and payment arrangement, the member(s) of the CNTIC Group and the Group who are the contracting parties under the relevant specific agreement, and further provided that the terms of each specific agreement shall comply the terms of the EPC Services Framework Agreement in all material respects.

CNTIC and the Company agreed and acknowledged that the EPC Services are and shall be procured in the ordinary and usual course of business of the Group.

CNTIC and the Company agreed that the continuing provision of the EPC Services by the CNTIC Group to any member of the Group in accordance with the terms of the EPC Services Framework Agreement and the relevant specific agreement from time to time shall be conducted on normal commercial terms or better, in particular:

(a) the terms of the EPC Services CCT shall be determined after arm's length negotiations between the members of the CNTIC Group and the Group, and the terms of the specific agreement must be fair and reasonable and in the interest of the Shareholders as a whole;

(b) the EPC Services CCT shall be on terms that are no less favourable to the Group when compared with terms that the Group would be able to obtain from independent third party suppliers; and

(c) the annual transaction amounts under the EPC Services CCT shall not exceed the EPC Proposed Caps, and where such EPC Proposed Caps are likely to be exceeded, any further EPC Services CCT shall not proceed unless and until the Company has complied with the requirements of the Listing Rules with regard to new annual caps, approved by the independent non-executive Directors and (if applicable) the Independent Shareholders at a general meeting held, and the Company having complied with such other requirements as may be prescribed under the Listing Rules for the refreshed annual caps. In a case where the refreshed annual caps are not approved in accordance with the requirements under the Listing Rules, CNTIC and the Company shall negotiate in good faith to ensure that the implementation of the remaining specific agreements will not violate the provisions of the Listing Rules and fall within the limits of the EPC Proposed Caps.

Pricing policy

The fees of the EPC Services shall be determined on arm's length basis with reference to the prevailing market prices available to the Group by other independent third party suppliers for similar EPC Services. Should the Group invite the CNTIC Group to offer the EPC Services, the Group should, in the supplier selection and procurement process and in its best endeavours, obtain at least two proposals/quotations from independent third party suppliers for its assessment of the fee, completion schedule and other terms offered by the CNTIC Group. In any event, the fees charged by the CNTIC Group to the Group shall be no less favourable

to the Group than that are offered to the Group by independent third party suppliers in the supply of services of similar nature and scale. In case no proposal or quotation is submitted to the Group by independent third party suppliers in the process, the fee of the EPC Services will be determined according to the internal pricing policy including cost analysis with reference to historical records of the fees payable by the Group for EPC services of similar nature, the prevailing market prices of similar nature, and the purchase cost of the equipment and the estimated installation cost and payment terms.

Based on our review of the internal control policy procedures of the EPC Services Framework Agreement as further discussed in the section headed "13. Internal Control" below in this letter, we are of the view that the internal policy measures and procedures will safeguard the pricing policy of the Company.

Annual caps

The Company and CNTIC agreed that the maximum aggregate transaction amount the Group may pay the CNTIC Group in relation to transactions contemplated under the EPC Services Framework Agreement for each financial year/respective period commencing the Date of Shareholders' Approval for EPC would not exceed the EPC Proposed Caps for that year/period, unless the Company refreshes the EPC Proposed Caps (in which case the Company shall ensure that the disclosure and independent shareholders' approval requirements under the Listing Rules in respect of the refreshed annual caps shall be complied with).

CNTIC agreed to provide (and to procure the other members of the CNTIC Group to provide) all reasonable assistance and access to the Company's auditors, independent non-executive directors, independent financial adviser(s) and/or other professional advisers sufficient access to its records for the purpose of the Company in complying with the Listing Rules for it to prepare its financial statements.

Termination

The EPC Services Framework Agreement shall be terminated immediately, on notice given by either party at any time following any material breach by the other party of its obligations thereunder; or on the expiry of the term unless otherwise renewed by the parties. Upon termination or expiry of the EPC Services Framework Agreement, all obligations of each party shall cease and terminate and no party shall have any claim against the other parties in respect of any matter arising out of or in connection with the EPC Services Framework Agreement subject to accrued rights of either party in respect of any antecedent breaches of any obligations under the EPC Services Framework Agreement. For the avoidance of doubt, termination of the EPC Services Framework Agreement shall not affect the specific agreement(s) which shall continue to be governed under such terms thereunder.

EPC Proposed Caps and the basis of determination

The EPC Proposed Caps represent the estimated aggregate contract sum of the EPC Services to be sourced from the CNTIC Group for the respective year/period during the term of the EPC Services Framework Agreement. It is expected that the EPC Proposed Cap for each of the respective year/period will not exceed the amount set out below:

	For the period from the Date of Shareholders' Approval for EPC to 31 December 2024	**For the financial year ending 31 December 2025**	**For the financial year ending 31 December 2026**	**For the period from 1 January 2027 to the end of the term of the EPC Services Framework Agreement**
	US$'000	*US$'000*	*US$'000*	*US$'000*
EPC Proposed Caps	41,448	562,636	129,000	138,380

According to the Letter from the Board, the EPC Proposed Caps under the EPC Services Framework Agreement were determined based on the following key factors:

(i) six power projects in the existing contract pipeline of the Group's power generation projects on hand which are located in Central Asian, Southeast Asian and South American countries;

(ii) ten power generation projects located in Middle Eastern, Central Asian, Southeast Asian and South American countries that the Group expects to bid for;

(iii) the Group's estimation of the EPC cost of each of those power generation projects with a range from approximately US$8 million to US$140 million; and

(iv) the expected completion time of those power generation projects, and the majority of which are estimated to complete by the end of 2025.

As stated in the Letter from the Board, CNTIC has been providing EPC services to the Group since 2013 and become the controlling Shareholder since September 2023. Over the financial years ended 31 December 2021, 2022 and 2023, the historical transactions related to EPC services provided by CNTIC (and other members of the CNTIC Group) amounted to approximately nil, HK$90.0 million and HK$36.4 million respectively. Since CNTIC becoming the controlling Shareholder and up to the Latest Practicable Date, there has been no ongoing transaction in relation to EPC services provided by CNTIC to the Group.

As discussed with the management of the Company, due to the limited financial resources available to the Group and the outbreak of the COVID-19 pandemic, the Group had slowed down the development of new power generation projects and hence the demand of the EPC services was reduced in the recent years. Therefore, except for one EPC contract that was entered in 2023, all of the EPC contracts with CNTIC were entered from 2013 to 2019. For our due diligence purpose, we have obtained and reviewed the list of the EPC contracts entered with CNTIC and the two EPC contracts in respect of the historical transactions related to EPC services provided by CNTIC (and its subsidiaries) to the Company in FY2022 and FY2023.

In order to continue to develop the Group's business, the Group plans to develop 16 new power generation projects located in Middle Eastern, Central Asian, Southeast Asian and South American countries from the Date of Shareholders' Approval for EPC to the end of term of the EPC Services Framework Agreement and we are advised by the management of the Company that the EPC Proposed Caps were determined based on potential contract sum of the EPC services to be provided by CNTIC to the Company for the construction of the Company's new power generation projects. In this regard, we have obtained and reviewed the EPC project list in respect of the EPC Proposed Caps, which provides the details of the distribution of the potential contract sum of the EPC projects from the Date of Shareholders' Approval for EPC to the end of term of the EPC Services Framework Agreement and the completion date. We have also reviewed the documents of the new power generation projects, including presentations, project profiles, feasibility study reports, construction timetable, memorandum of understanding and/or agreements between the Company and its potential end customers, and cross checked with the project information in the EPC project list. Based on our review of the documents of the new power generation projects and the EPC project list, we are of the view that the EPC Proposed Caps are fair and reasonable.

Having considered that (i) the internal policy procedures of the EPC Services Framework Agreement will safeguard that the fees charged by the CNTIC Group to the Group shall be no less favourable to the Group than that offered to the Group by independent third party suppliers; (ii) the EPC Proposed Caps are fair and reasonable; and (iii) the prolonged business relationship between the Company and CNTIC in respect of EPC services before CNTIC become the controlling Shareholder, we consider the terms of the EPC Services Framework Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

11. Principal terms of the ETS Supply Framework Agreement

The principal terms of the ETS Supply Framework Agreement are as follows:

Date

4 September 2024 (after trading hours)

Parties

(i) CNTIC, as purchaser;

(ii) the Company, as supplier; and

(iii) VH, as the former supplier.

Term

The term of the ETS Supply Framework Agreement shall commence on the Date of Shareholders' Approval for ETS and shall have a term of three years effective from the Date of Shareholders' Approval for ETS.

The ETS Supply Framework Agreement is renewable by the parties entering into a new or renewal agreement before the expiration of the term for another term of three years, subject to compliance by the Company with the relevant requirements under the applicable laws and the Listing Rules (as the case may be).

Termination of the Gen-sets Supply Framework Agreement

VH and CNTIC agreed to terminate the Gen-sets Supply Framework Agreement in its entirety with effect on and from the Date of Shareholders' Approval for ETS. VH and CNTIC further agreed and acknowledged that with effect on and from the Date of Shareholders' Approval for ETS, they shall release each other from any further obligations and/or liabilities and that they have no claim of whatsoever kind and nature against each other, to the extent permitted by law in connection with the Gen-sets Supply Framework Agreement.

Nature of transaction

Subject to the ETS Proposed Caps and the transactions contemplated under ETS Supply Framework Agreement having been approved by the Independent Shareholders by way of poll at the EGM in compliance with the Listing Rules, and at the request of CNTIC (by itself or on behalf of the CNTIC Group), the Company (for itself and on behalf of the Group) may provide the Equipment and Technical Services to the CNTIC Group from time to time.

The relevant member(s) of the Group and the CNTIC Group shall enter into specific agreements in respect of each transaction contemplated under the ETS Supply Framework Agreement, which shall specify terms of the Equipment and Technical Services to be provided. Each specific agreement shall be given by members of the CNTIC Group in writing and sent to members of the Group specifying, at a minimum, the following information: type, specifications, quantity, price, delivery method for machinery and equipment; scope and service fees for technical services provided and payment arrangements, the member(s) of the Group and the CNTIC Group who are the contracting parties under the relevant specific agreement, and further provided that the terms of each specific agreement shall comply the terms of the ETS Supply Framework Agreement in all material respects.

The Company and CNTIC agreed and acknowledged that the Equipment and Technical Services are and shall be provided in the ordinary and usual course of business of the Group.

The Company and CNTIC agreed that the provision of the Equipment and Technical Services by the Group to any member of the CNTIC Group in accordance with the terms of the ETS Supply Framework Agreement and the relevant specific agreement from time to time shall be conducted on normal commercial terms or better, in particular:

(a) the terms of the ETS Supply CCT shall be determined after arm's length negotiations between the members of the Group and the CNTIC Group, and the terms of the specific agreement must be fair and reasonable and in the interest of the Shareholders as a whole;

(b) the ETS Supply CCT shall be on terms that are no less favourable to the Group than those offered by the Group to its independent third party customers; and

(c) the annual transaction amounts under the ETS Supply CCT shall not exceed the applicable ETS Proposed Caps, and where such ETS Proposed Caps are likely to be exceeded, any further ETS Supply CCT shall not proceed unless and until the Company has complied with the requirements of the Listing Rules with regard to the refreshed annual caps and the ETS Proposed Caps, approved by the independent non-executive Directors and (if applicable) the Independent Shareholders at a general meeting held, and the Company having complied with such other requirements as may be prescribed under the Listing Rules for the refreshed annual caps. In a case where the refreshed annual caps are not approved in accordance with the requirements under the Listing Rules, the Company and CNTIC shall negotiate in good faith to ensure the implementation of the remaining specific agreements will not violate the provisions of the Listing Rules and fall within the limits of the ETS Proposed Caps.

Pricing policy

The prices of the Equipment and Technical Services shall be determined from time to time and on arm's length basis with reference to (i) the costs of the Equipment and Technical Services; (ii) the selling prices of the equipment with comparable specifications offered by the Group to its independent customers within a year; and (iii) the Group's internal pricing policy of charging for technical services based on manhour. The final price for each transaction may be negotiated based on further detailed equipment specifications, quantity, inventory availability and payment terms, subject to the incorporation of a reasonable profit margin which should be agreed by the relevant department head and the management from time to time. In any cases, the prices of the Equipment and Technical Services and other terms of supply offered by the Group to CNTIC Group shall be no less favourable to the Group than those offered by the Group to independent customers in transactions of similar nature and scale.

We have selected and reviewed top 20 of the historical transactions provided by the Group to independent customers during the period from 1 January 2023 to 26 August 2024, which represent approximately 81% of the total monetary amount of the historical transactions. We have also reviewed the single historical transaction made under the Gen-sets Supply Framework Agreement, which the transaction amount represents the entire annual cap for the Gen-sets Supply Framework Agreement. We are of the view that the sample size is fair and reasonable, and the selection basis is fair and representative in view of materiality and transaction nature. After reviewing the terms of the historical transactions with the independent customers and comparing with the historical transaction under the Gen-sets Supply Framework Agreement, we consider that the historical transaction under the Gen-sets Supply Framework Agreement was made in compliance with the internal control and pricing policy and the terms of the historical transaction under the Gen-sets Supply Framework Agreement are no less favourable to the Group than those of similar equipment offered by the Group to independent customers.

In addition to our review of the historical transactions, based on our review of the internal policy procedures of the ETS Supply Framework Agreement as further discussed in the section headed "13. Internal Control" below in this letter, we are of the view that the internal control policy measures and procedures will safeguard the pricing policy of the Company.

Annual caps

The Company and CNTIC agreed that the maximum aggregate transaction amount the Group may receive from the CNTIC Group in relation to transactions contemplated under the ETS Supply Framework Agreement for each financial year/respective period would not exceed the ETS Proposed Caps for that year/period, unless the Company refreshes the ETS Proposed Caps (in which case the Company shall ensure that the disclosure and independent shareholders' approval requirements under the Listing Rules in respect of the refreshed annual caps shall be complied with).

CNTIC agreed to provide (and to procure the other members of the CNTIC Group to provide) all reasonable assistance and sufficient access to the Company's auditors, independent non-executive directors, independent financial adviser(s) and/or other professional advisers to its records for the purpose of the Company in complying with the Listing Rules and for it to prepare its financial statements.

Termination

The ETS Supply Framework Agreement shall be terminated immediately, on notice given by either party at any time following any material breach by the other party of its obligations thereunder; or on the expiry of the term unless otherwise renewed by the parties. Upon termination or expiry of the ETS Supply Framework Agreement, all obligations of each party shall cease and terminate and no party shall have any claim against the other parties in respect of any matter arising out of or in connection with the ETS Supply Framework Agreement

subject to accrued rights of either party in respect of any antecedent breaches of any obligations under the ETS Supply Framework Agreement. For the avoidance of doubt, termination of the ETS Supply Framework Agreement shall not affect the specific agreement(s) which shall continue to be governed under such terms thereunder.

Historical transaction amounts

The historical transaction amounts pursuant to the Gen-sets Supply Framework Agreement for the period from 23 May 2024 up to the Latest Practicable Date are as follows:

	As at the Latest Practicable Date
	US$'000
Existing Annual Cap	9,000
Actual sales (unaudited)	9,000
Utilisation	100%

As at the Latest Practicable Date, the Existing Annual Cap has been fully utilised and has not been exceeded.

ETS Proposed Caps and the basis of determination

The ETS Proposed Caps represent the estimated aggregate transaction amount for the provision of the Equipment and Technical Services to the CNTIC Group for each of the respective year/period during the term of the ETS Supply Framework Agreement. It is expected that the ETS Proposed Cap for each of the respective year/period will not exceed the amount set out below:

	For the period from the Date of Shareholders' Approval for ETS to 31 December 2024	**For the financial year ending 31 December 2025**	**For the financial year ending 31 December 2026**	**For the period from 1 January 2027 to the end of the term of the ETS Supply Framework Agreement**
	US$'000	*US$'000*	*US$'000*	*US$'000*
ETS Proposed Caps	98,940	100,540	73,200	53,200

According to the Letter from the Board, the ETS Proposed Caps under the ETS Supply Framework Agreement were determined based on the following key factors:

(i) the estimated selling price of equipment and related accessories with specifications comparable to the equipment and related accessories that the Group sold to the CNTIC Group and independent customers ranging from approximately US$400,000 to US$800,000;

(ii) the estimated selling price of technical services comparable to the technical services that the Group provided to independent customers with contract sum ranging from approximately US$300,000 to US$20 million; and

(iii) the expected demand of the CNTIC Group for the Equipment and Technical Services during the term of the ETS Supply Framework Agreement, and that most of the deliveries are expected to be completed by the end of 2025.

For our due diligence purpose, we obtained from the Company the breakdown of ETS Proposed Caps and reviewed the calculation of the ETS Proposed Caps. From the breakdown of ETS Proposed Caps, we note that the ETS Proposed Caps were formulated based on (i) 375 power generation units to be sold to CNTIC from the Date of Shareholders' Approval for ETS to the end of the term of the ETS Supply Framework Agreement; (ii) the respective selling price of the power generation units, which is comparable to the selling price of the historical transactions of power generation units with similar specification provided by the Group to independent customers during the period from 1 January 2023 to 26 August 2024 that we have reviewed as discussed above; and (iii) the accessories and maintenance services for the power generation units to be sold under the ETS Supply Framework Agreement. Furthermore, we have reviewed the relevant document illustrating CNTIC's demand for the Equipment and Technical Services for CNTIC's future power generation projects and the supporting document for such demand. Based on the above, we are of the view that the ETS Proposed Caps are fair and reasonable.

Having considered that (i) the terms of the historical transaction under the Gen-sets Supply Framework Agreement are no less favourable to the Group than those of similar equipment offered by the Group to independent customers; (ii) the internal policy procedures of the ETS Supply Framework Agreement will safeguard that the prices of the Equipment and Technical Services offered by the Group to CNTIC Group shall be no less favourable to the Group than those offered by the Group to independent customers; and (iii) the ETS Proposed Caps are fair and reasonable, we consider the terms of the ETS Supply Framework Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

12. Reasons for and benefits of entering into the EPC Services Framework Agreement and the ETS Supply Framework Agreement

According to the Letter from the Board, CNTIC is a key EPC contractor to the Group. Over the years, the Group has engaged CNTIC to deliver EPC services for the development and construction of most of its distributed power stations. The timely delivery of fast-track distributed power by the Group to people in need is largely attributable to the close collaboration between the Group and CNTIC in the seamless project execution, and CNTIC's profound knowledge and expertise as an EPC contractor. As a large-scale Chinese state-owned enterprise, CNTIC excels in delivering EPC services globally, particularly in developing power stations within various emerging markets. It has proven track records in constructing various types of power-related facilities including gas-fired power stations, hydropower stations, photovoltaic power stations, wind farms and electricity grid projects. Through the partnership with CNTIC, the Group not only acquires access to robust local expertise in civil, electrical, and mechanical works but also gains invaluable insights into project opportunities, execution strategies, and regulatory frameworks at the local level. Taking into account the potential power projects on hand located in Central Asian, Southeast Asian and South American countries which the Group is set to materialise, the Group expects to continue the engagement of CNTIC for its EPC Services. It is believed that the outstanding qualifications and extensive experiences of CNTIC in the global power sector and the competitive commercial arrangements offered by CNTIC will support the Group in expediting project execution to generate revenue at a lower capital cost.

According to the website of CNTIC, CNTIC was one of the major contractors in the PRC that developed power and energy projects, infrastructures, industrial engineering projects and energy conservation and environmental protection projects. In the PRC, CNTIC has completed over 500 power and energy projects, including 400 power plant projects, 60 power transmission projects and 20 power plant design and consulting projects, with total value exceed US$18 billion. CNTIC also undertook a number of power plant projects in Philippines, Thailand, Indonesia, Vietnam, Tajikistan, Bangladesh, Algeria, Pakistan and Myanmar. As CNTIC has been providing EPC services to the Group since 2013 and is one of the major EPC contractors of the Company, we consider that the Company's long-term business relationship with CNTIC demonstrate that CNTIC is able to provide reliable EPC services to the Group. After considering that (i) CNTIC has a proven track record of provision of EPC services to the Company; (ii) EPC Proposed Caps are formulated based on the demand of EPC services from the potential power generation projects and are fair and reasonable as discussed in the section headed "10. Principal terms of the EPC Services Framework Agreement" above in this letter; and (iii) the adequate internal control policy for the EPC Services Framework Agreement as further discussed in the section headed "13. Internal Control" below in this letter, we consider that entering into the EPC Services Framework Agreement is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

According to the Letter from the Board, under its SI business, the Group sells engine-based electricity generation units and provides technical services to customers. With the reliability and quality of its products and services, the Group is a qualified supplier of CNTIC and has track

records of selling both gas-fired and diesel-fired engine-based electricity generation units and providing services to CNTIC. As a large state-owned enterprise with global business presence, CNTIC has a huge pool of wide-ranging customers for whom it procures power equipment and related services. Entering into the ETS Supply Framework Agreement provides the Group with opportunities to continue its supply to CNTIC in its ordinary course of business. The pricing of the Equipment and Technical Services under the ETS Supply Framework Agreement would be on terms that are no less favourable to the Group than those offered by the Group to independent third party customers.

As discussed in the section headed "1. Background and financial information of the Group" above in this letter, the revenue of SI business for FY2023 and HY2024 was decreasing as compared with that for FY2022 and HY2023. We consider that entering into the ETS Supply Framework Agreement would provide an additional income source to the SI business of the Group, which in turn would improve the financial performance of the Group. Therefore, after considering that (i) ETS Proposed Caps are fair and reasonable as discussed in the section headed "11. Principal terms of the ETS Supply Framework Agreement" above in this letter; (ii) the provision of Equipment and Technical Services to CNTIC is ordinary course of business of the Group and would generate further revenue to the Group; and (iii) the adequate internal control policy for the ETS Supply Framework Agreement as further discussed in the section headed "13. Internal Control" below in this letter, we consider that entering into the ETS Supply Framework Agreement is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

13. Internal Control

According to the Letter from the Board, the Company has implemented the following internal control measures to ensure that the Proposed Caps for the transactions contemplated under the Framework Agreements will not be exceeded:

(i) the Group has an internal system to trace, monitor and evaluate the transaction amounts under the Framework Agreements regularly to ensure that the Proposed Caps will not be exceeded; and

(ii) the Group will comply with the annual review requirements in respect of the transactions contemplated under the Framework Agreements in accordance with Chapter 14A of the Listing Rules.

Moreover, the auditors of the Company will be engaged to conduct an annual review and report on the transactions contemplated under each of the Framework Agreements.

We have obtained and reviewed the documents of the internal control policy and templates of the form attached to the internal control procedures for the transaction of each of the Framework Agreement. After considering that (i) internal control procedures have detective control and clear segregation of duties of execution, checking and authorising Leasing CCT, EPC Services CCT and ETS Supply CCT by designating different personnel or teams for the assessment, review and approval; (ii) the Group will comply with the annual review requirements in respect of the

transactions contemplated under the Framework Agreements in accordance with Chapter 14A of the Listing Rules; (iii) the terms of the historical transaction under the Gen-sets Supply Framework Agreement are no less favourable to the Group than those of similar equipment offered by the Group to independent customers as discussed in the section headed "11. Principal terms of the ETS Supply Framework Agreement" above in this letter; and (iv) an annual review and report on the transactions contemplated under each of the Framework Agreements will be conducted by the auditors of the Company, we are of the view that the internal control measures and procedures are sufficient to ensure that the transactions contemplated under the Framework Agreements are conducted on normal commercial terms and do not exceed the Proposed Caps.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, in particular, that (i) the principal terms of the Equipment Purchase Agreement, the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement; (ii) the valuation of the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment as set out in the Valuation Reports; (iii) the Proposed Caps; and (iv) the reasons for and benefits of the Transactions, we are of the view that (a) the terms of the Equipment Purchase Agreement, the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement are on normal commercial terms that are fair and reasonable; (b) the Leasing Proposed Caps, the EPC Proposed Caps and the ETS Proposed Caps are fair and reasonable; (c) the continuing connected transactions contemplated under the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement are and will be conducted in the ordinary and usual course of business of the Group; (d) the connected transactions contemplated under the Equipment Purchase Agreement and the continuing connected transactions contemplated under the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement are in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to approve the Equipment Purchase Agreement, the Equipment Lease Framework Agreement, the EPC Services Framework Agreement, the ETS Supply Framework Agreement and the transactions contemplated thereunder and the Proposed Caps (including the Leasing Proposed Caps, the EPC Proposed Caps and the ETS Proposed Caps).

Yours faithfully,
For and on behalf of
INCU CORPORATE FINANCE LIMITED

Gina Leung	**Psyche So**
Managing Director	*Associate Director*

Ms. Gina Leung is a licensed person registered with the SFC and a responsible officer of INCU Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. She has over 20 years of experience in the corporate finance industry and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.

Ms. Psyche So is a licensed person registered with the SFC and a responsible officer of INCU Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. She has over eight years of experience in the corporate finance industry and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the years ended 31 December 2021, 2022 and 2023, and the six months ended 30 June 2024 is disclosed in the following documents which have been published on the respective websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.vpower.com):

- Annual report of the Company for the year ended 31 December 2021 (pages 51 to 163):

  https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042802919.pdf

- Annual report of the Company for the year ended 31 December 2022 (pages 53 to 163):

  https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0428/2023042804235.pdf

- Annual report of the Company for the year ended 31 December 2023 (pages 57 to 161):

  https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0430/2024043003342.pdf

- Interim report of the Company for the six months ended 30 June 2024 (pages 10 to 33):

  https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0927/2024092701741.pdf

2. INDEBTEDNESS

As at 31 August 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the indebtedness of the Group was as follows:

Interest-bearing bank and other borrowings

As at 31 August 2024, the Group had unsecured interest-bearing bank borrowing amounting to approximately HK$1,769.2 million, secured interest-bearing bank borrowing amounting to approximately HK$438.6 million and other borrowings amounting to approximately HK$115.3 million. The secured interest-bearing bank borrowing and other borrowings were secured by certain property, plant and equipment with a net carrying amount of approximately HK$123.1 million and certain inventories with a net carrying amount of approximately HK$147.7 million.

Lease liabilities

As at 31 August 2024, the Group had lease liabilities amounting to approximately HK$63.4 million.

Contingent liabilities

As at 31 August 2024, the Group had no material contingent liabilities.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal payables and accruals in the ordinary course of business, the Group did not have any bank overdrafts or loans, or other similar indebtedness, guarantees, material capital commitment or other material contingent liabilities outstanding as at the close of business on 31 August 2024.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

4. WORKING CAPITAL

The Directors have given full careful consideration to the Group's indebtedness as at 31 August 2024, the financial effect of the Disposal and presently available financial resources of the Group in assessing the working capital sufficiency of the Group. As the Group might not have sufficient working capital for the Group's present requirements, the Directors are implementing the following plans and measures to improve the liquidity and financial position of the Group:

(i) seeking refinancing for certain of existing bank borrowings through a new syndicated loans and/or other financing arrangements; and

(ii) disposing investments held by a joint venture.

On the basis of completion of the Disposal and settlement of the Price and the Last Batch Equipment Price in accordance with the Equipment Purchase Agreement; completion of renewal of certain bank borrowings, new syndicated loans and/or other financing arrangements; and implementation of the aforesaid divestment by the joint venture followed by distribution of sale proceeds to the Group, the Directors, after due and careful enquiry and consideration, are of the opinion that the working capital of the Group will be sufficient for its requirements for at least the next 12 months from the date of this circular. Such sufficiency of working capital is dependant on whether all of the abovementioned plans and measures are successfully implemented as scheduled. As of the Latest Practicable Date, the Disposal had not been completed, and the negotiations with relevant banks for refinancing or new financing arrangements, as well as the negotiation with a potential buyer of the joint venture's investment were still ongoing.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

As mentioned in the Company's interim report for the six months ended 30 June 2024, while the overall electricity market is forecasted to rise driven by an improving economic outlook in both advanced and emerging countries, growing weather impacts on the power systems highlight the importance of electricity security. The flexible and responsive distributed power is a solution to guarantee stable supply, the growing demand for which represents numerous opportunities for the Group.

In face of the attractive industry landscape, the Group will continue to explore new projects and stay vigilant to the evolving market conditions. In the short-term future, the Group will focus on the execution of newly awarded projects, including two gas-fired power projects in Indonesia and a gas-fired power project in Uzbekistan. By leveraging on its own industry know-how, decades of operational excellence and the extensive business network of the controlling shareholder and business partners, the Group will also keep looking for growth in existing markets and the right timing to enter into new markets, in particular those in Central Asia. The new power projects of the Group are expected to generate revenue and operating cash flows, which will enhance the overall return on assets and strengthen working capital of the Group. By diversifying the customer base and increasing production capacity, the new power projects will not only contribute to immediate financial benefits but also foster long-term sustainability and growth for the Group. The improved financial performance is expected to provide the Group with greater flexibility in managing its resources. Apart from the equipment and related assets to be acquired for power projects, the Group has no intention to make any significant investments or capital expenditures in the near future.

The Group is set to undergo a strategic business transformation to boost overall performance through increased revenue, lower operating costs, and higher resources utilisation efficiency. Among the diverse efforts, capital structure enhancement is placed at a prominent position of the Group's agenda to control the finance cost and achieve a healthier financial position. The Group is actively engaged in optimising its debt portfolio to enhance financial efficiency. Together with the recent reduction in borrowing rates, it is expected that financing costs will decrease significantly. This reduction in finance costs is expect to improve the Group's profitability and make available additional resources to be redirected towards strategic initiatives and growth opportunities.

The entering into the Equipment Purchase Agreement and the Equipment Lease Framework Agreement is expected to generate immediate cash for the Group and enable better project portfolio management. With the efficient implementation of the new projects and the efforts deployed on capital structure enhancement, the management is confident that the Group will resume business growth and continue to deliver value to its stakeholders.

6. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Upon completion of the Disposal, the Remaining Group will continue to carry out its existing businesses and there will be no change to the principal business of the Remaining Group. On this basis, the management discussion and analysis on the Remaining Group for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 is set out below.

Business Review

The Remaining Group has two business segments, namely, (i) SI Business and (ii) IBO Business for the three years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024. The review of each business segment of the Remaining Group is set out below.

SI Business

For the year ended 31 December 2021, supported by a strong customer base and sales network, the SI business recorded a growth in spite of the supply chain disruption. Revenue from SI business for the year ended 31 December 2021 was approximately HK$3,665.9 million, representing an increase of 68.9% which was mainly contributed by income from various sectors including data centres, power stations, industrials, rental and events and marine, and revenue from technical services and construction services of approximately HK$1,265.3 million.

For the year ended 31 December 2022, the Remaining Group recorded approximately 46.9% decrease in segment revenue, from approximately HK$3,665.9 million in 2021 to approximately HK$1,945.4 million. Given the fact that the Remaining Group did not enter into any material contracts for the provision of construction services nor provide such services for any large power station construction projects, the revenue from construction services sharply decreased by approximately HK$1,201.8 million. The revenue from sale of engine-based electricity generation units also decreased by 19.6% owing to fluctuations in foreign currency exchange rates and supply chain disruptions resulting from measures adopted by governments and the private sector to deal with COVID-19. However, despite these challenges, the SI segment's profit margin showed a notable improvement, increasing from 11.0% to 14.6%.

For the year ended 31 December 2023, the Remaining Group recorded approximately 65.3% decrease in segment revenue, from approximately HK$1,945.4 million in 2022 to approximately HK$675.3 million. The decrease in revenue was mainly due to the decrease in sales of engine based generating units to one of the major customers in Asia.

For the six months ended 30 June 2024, the Remaining Group recorded approximately 41.5% decrease in segment revenue, from approximately HK$590.1 million for the six months ended 30 June 2023, to approximately HK$345.1 million. The decrease in revenue was mainly due to the adoption of a stricter project and customer selection criteria and accordingly fewer sales orders.

IBO Business

For the year ended 31 December 2021, revenue from IBO business of the Remaining Group was approximately HK$988.9 million. The projects in Brazil started commencing operation and brought revenue contribution to the Remaining Group.

For the year ended 31 December 2022, the Remaining Group recorded approximately 6.8% year-on-year increase in segment revenue, from approximately HK$988.9 million in 2021 to approximately HK$1,055.8 million. Starting from end of June 2022, the project companies responsible for operating the 79.8MW power project in Peru were reclassified as joint ventures instead of subsidiaries. Consequently, the financial performance of this project

would no longer be consolidated in the Remaining Group's consolidated statement of profit or loss. This reclassification affected the revenue, cost of sales, and gross profit in the IBO business.

For the year ended 31 December 2023, the Remaining Group recorded approximately 31.3% year-on-year decrease in segment revenue, from approximately HK$1,055.8 million in 2022 to approximately HK$725.6 million. The decreases in revenue were mainly attributable to the deconsolidation of the financial performance of the project in Peru since mid-2022, and also the reduction in electricity generation of the project in the United Kingdom.

For the six months ended 30 June 2024, the Remaining Group recorded approximately 13.7% increase in segment revenue, from approximately HK$326.0 million for the six months ended 30 June 2023, to approximately HK$370.5 million. The increase in revenue was mainly attributable to the increased generation of the power stations in Brazil.

Profit/Loss before tax

For the year ended 31 December 2021, the Remaining Group recorded a profit before tax of approximately HK$68.4 million.

For the year ended 31 December 2022, the Remaining Group recorded a loss before tax of approximately HK$409.2 million. The loss was mainly due to a share of loss from the joint venture with operations and investments in Myanmar.

For the year ended 31 December 2023, the Remaining Group recorded a loss before tax of approximately HK$2,667.0 million. The substantial loss was mainly due to the share of loss from the joint venture with investments in Myanmar, the decrease in revenue and gross loss of SI business and an increase in impairment of trade receivables, property, plant and equipment and intangible assets.

For the six months ended 30 June 2024, the Remaining Group recorded a loss before tax of approximately HK$106.0 million as compared with a loss of approximately HK$300.1 million of the corresponding period in 2023. The decrease in loss was mainly due to the decreases in administrative expenses and other expenses and no share of loss recorded from the joint venture with investments in Myanmar.

Liquidity and financial resources

As at 31 December 2021, the Remaining Group had bank and other borrowings and senior notes of approximately HK$3,852.0 million, among of which approximately 94.0% was denominated in US$, approximately 3.8% was denominated in HK$, approximately 1.3% was denominated in Brazilian Real ("**BRL**") and the remaining was denominated in Peruvian sol, Euro, Great Britain Pound ("**GBP**") and Renminbi ("**RMB**"). As at 31 December 2021, the Remaining Group had an interest rate swap contract with a notional amount of US$125 million whereby it received interest at a variable rate based on the London Interbank Offered

Rate ("**LIBOR**") on the notional amount and paid interest at a fixed rate ranging from 1.04% to 1.57%. As at 31 December 2021, after taking into account the effect of the interest rate swaps, approximately 37% of the Remaining Group's interest-bearing borrowings bore interest at fixed rates.

As at 31 December 2022, the Remaining Group had bank and other borrowings of approximately HK$2,921.2 million, among of which approximately 88.1% was denominated in US$, approximately 5.7% was denominated in HK$, approximately 4.4% was denominated in BRL and the remaining was denominated in Euro, RMB and GBP. As at 31 December 2022, the Remaining Group had an interest rate swap contract in place with a notional amount of US$21.25 million whereby it received interest at a variable rate based on the LIBOR on the notional amount and paid interest at a fixed rate of 1.04%. As at 31 December 2022, after taking into account the effect of the interest rate swaps, approximately 12% of the Remaining Group's interest-bearing borrowings bore interest at fixed rates.

As at 31 December 2023, the Remaining Group had bank and other borrowings of approximately HK$2,767.2 million, among of which approximately 83.5% was denominated in US$, approximately 4.8% was denominated in HK$, approximately 6.6% was denominated in BRL and the remaining was denominated in Euro, RMB, GBP and United Arab Emirates Dirham ("**AED**"). As at 31 December 2023, after taking into account the effect of the interest rate swaps, approximately 11% of the Remaining Group's interest-bearing borrowings bore interest at fixed rates.

As at 30 June 2024, the Remaining Group had bank and other borrowings of approximately HK$2,374.3 million, among of which approximately 85.2% was denominated in US$, approximately 6.5% was denominated in BRL, approximately 5.1% was denominated in HK$ and the remaining was denominated in Euro and RMB. As at 30 June 2024, approximately 11% of the Remaining Group's interest-bearing borrowings bore interest at fixed rates.

For each of the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, the Remaining Group had implemented a treasury policy that aims at better controlling its treasury management and financial resources. The treasury policy required the Remaining Group to maintain an adequate level of cash and cash equivalents and available banking facilities to support daily operations and funding needs. The policy was regularly reviewed and evaluated to ensure its adequacy and effectiveness.

Contingent liabilities

The Remaining Group did not have any contingent liabilities as at 31 December 2021, 31 December 2023 and 30 June 2024.

During the year ended 31 December 2022, the Remaining Group considered the indemnity given to a financial institution for guarantee letter issued in relation to a power generation project undertaken by a joint venture as contingent liabilities not provided for in the financial statements. This contingent liability as at 31 December 2022 amounted to approximately HK$4.1 million.

Pledge of assets

As at 31 December 2021, the Remaining Group's senior notes and certain of interest-bearing bank and other borrowings were secured by charges on (i) certain of the Remaining Group's property, plant and equipment with a net book value of approximately HK$763.3 million; (ii) the equity interest in Genrent del Peru S.A.C., a 51%-owned subsidiary; (iii) restricted cash of HK$61.2 million; and (iv) pledged deposit of HK$38.7 million.

As at 31 December 2022, certain of the Remaining Group's bank and other borrowings were secured by various assets, including (i) property, plant, and equipment with a net book value of approximately HK$74.3 million; (ii) inventories with a net book value of approximately HK$310.3 million; (iii) pledged deposits amounting to HK$23.0 million; and (iv) issued share capital of a subsidiary of the Remaining Group; and the equity interest of the Remaining Group in Genrent del Peru S.A.C was charged for securing its senior notes.

As at 31 December 2023, certain of the Remaining Group's bank and other borrowings were secured by various assets, including (i) property, plant, and equipment with a net book value of approximately HK$125.8 million; (ii) inventories with a net book value of approximately HK$161.5 million; (iii) pledged deposits amounting to HK$1.1 million; and (iv) issued share capital of a subsidiary of the Remaining Group; and the equity interest of the Remaining Group in Genrent del Peru S.A.C was charged for securing its senior notes.

As at 30 June 2024, certain of the Remaining Group's bank and other borrowings were secured by various assets, including (i) property, plant, and equipment with a net book value of approximately HK$124.8 million; (ii) inventories with a net book value of approximately HK$147.7 million; (iii) pledged deposits amounting to HK$0.8 million; and (iv) equity interest of a subsidiary of the Remaining Group; and the equity interest of the Remaining Group in Genrent del Peru S.A.C was charged for securing its senior notes.

Net gearing ratio

As at 31 December 2021, 2022 and 2023 and 30 June 2024, the Remaining Group had net gearing ratio, computed by dividing total borrowings less cash and cash equivalents, restricted cash and pledged deposits by total equity, of approximately 92.8%, 88.0%, 139.2% and 123.6%, respectively.

Foreign currency risk

For the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, the Remaining Group operated in various currencies including HK$, US$, RMB, Myanmar Kyat ("**MMK**"), Indonesian Rupiah ("**IDR**"), BRL, AED, Euro and GBP. This exposed the Remaining Group to both translation risk and foreign exchange rate fluctuations. To manage these foreign currency exposures, the Remaining Group implemented comprehensive hedging, treasury, and capital management policies and entered into forward currency contracts where appropriate. In particular, the Remaining Group had entered into forward currency contracts to manage its foreign exchange exposure against Euro appreciation.

For each of the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, the Remaining Group recorded a foreign exchange loss of approximately HK$33.2 million, HK$59.0 million, HK$47.7 million and HK$7.2 million, respectively.

Employees and remuneration policy

As at 31 December 2021, 2022 and 2023 and 30 June 2024, the Remaining Group respectively employed 580, 400, 365 and 366 employees. The Remaining Group remunerated its employees based on their performance, experience and prevailing industry practice; and granted bonus to motivate valued employees. A share option scheme and a share award scheme were adopted for the purpose of providing incentives and rewards to, among others, employees of the Remaining Group to recognise their contributions. The Remaining Group provided 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 the employees.

Significant investments

(i) CNTIC VPower Group Holdings Limited ("**CNTIC VPower**")

CNTIC VPower is indirectly owned as to 50% by each of the Company and CNTIC. It owns and operates three power projects, namely the Thaketa, Thanlyin and Kyauk Phyu III projects, in Myanmar.

Since the beginning of 2021, the overall changes in political, economic and social environments in Myanmar brought challenges to the operation of CNTIC VPower, resulting in a less-than-expected generation and income from those projects. Meanwhile, CNTIC VPower had made a provision for expected credit losses of trade receivables in accordance with relevant accounting standards, and recorded both realised and unrealised foreign exchange loss. All things considered, its profit for the year ended 31 December 2021 significantly decreased as compared to that of 2020.

For the year ended 31 December 2021, CNTIC VPower recorded a profit of approximately HK$12.9 million and made a contribution of approximately HK$6.4 million to the Remaining Group's profit. No dividend was distributed to the Remaining Group. As at 31

December 2021, the Remaining Group's total investment cost in CNTIC VPower was approximately HK$700.4 million; its carrying value was approximately HK$913.1 million, representing approximately 9.7% of the Remaining Group's total assets.

Since December 2021, CNTIC VPower had temporarily suspended the power generation of two projects altogether, pending for implementation of arrangements for resolution of the problems arising from the prevailing challenging business environment.

For the year ended 31 December 2022, CNTIC VPower continued to face complex operating challenges and recorded a loss of approximately HK$401.2 million and no dividend was distributed to the Remaining Group. Despite efforts to control operating costs, it was affected by local economic turbulence, declining foreign currency reserves, and currency depreciation. The generation and income from the projects were significantly lower than expected, resulting in an operating loss for CNTIC VPower. As at 31 December 2022, the Remaining Group's total investment cost in CNTIC VPower was approximately HK$700.4 million; its carrying value was approximately HK$716.2 million, representing around 8.8% of the Remaining Group's total assets.

For the year ended 31 December 2023, CNTIC VPower continued to encounter significant operational challenges due to the political, economic, and social changes in Myanmar. The suspension of all three power projects owned by CNTIC VPower had resulted in a substantial loss of approximately HK$2,703.4 million and no dividend was distributed to the Remaining Group in 2023. As a result, the Remaining Group's investment cost in CNTIC VPower, amounting to HK$700.4 million, were written down to zero.

Nevertheless, the management of the Remaining Group and CNTIC VPower remained active in negotiating with relevant parties in reaching a feasible solution and formulating redeployment plans in order to restore the profitability of CNTIC VPower.

(ii) Tamar VPower Energy Fund I, L.P. (the "**Fund**")

The Remaining Group has 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 since 2018. The Fund is indirectly owned as to 50% by each of the Remaining Group and CITIC Pacific Limited. The Fund seeks for long-term capital appreciation through investments in companies or operating projects in the energy sector positioned to benefit from economic growth in the PRC, Central Asia, and Southeast Asia, and in the markets encompassed by the Belt and Road Initiative. Since its establishment, the Fund has invested in three companies, which are related to the Remaining Group's core businesses and could support its business development, in particular, enhance its power solutions' energy efficiency, strengthen the research and development capability, broaden and upgrade the product range, and strengthen the self-manufacturing capacity.

For the year ended 31 December 2021, the Remaining Group received distribution of approximately HK$30.6 million from the Fund and recorded a share of profit of approximately HK$3.0 million.

For the year ended 31 December 2022, the Remaining Group recorded a share of profit of approximately HK$1.2 million.

For the year ended 31 December 2023, the Remaining Group received distribution of approximately HK$43.1 million from the Fund and recorded a share of profit of approximately HK$4.8 million.

As at 31 December 2021, 2022 and 2023 and 30 June 2024 the Remaining Group's total investment cost in the Fund was approximately HK$809.8 million, HK$814.9 million, HK$819.0 million and HK$819.0 million respectively with carrying value of approximately HK$833.0 million, HK$839.2 million, HK$804.9 million and HK$696.0 million, representing approximately 8.9%, 10.3%, 14.0% and 10.9% of the Remaining Group's total assets, respectively. The Remaining Group intended to maintain the investment in the Fund.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

During each of the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024, the Remaining Group had no material acquisition or disposal of subsidiaries, associates or joint ventures.

Capital commitment

As at 31 December 2021, 2022 and 2023 and 30 June 2024, the Remaining Group had capital commitments of approximately HK$309.4 million, HK$75.2 million, HK$26.4 million and HK$97.7 million among which contracted but not provided for power generation assets capital commitments amounted to approximately HK$300.2 million, HK$71.1 million, HK$26.4 million and HK$97.7 million. As at 31 December 2022, the Remaining Group had a commitment to a joint venture which amounted to approximately HK$4.1 million. As at 31 December 2021, the Remaining Group had a commitment for capital contribution to the Fund amounted to approximately HK$9.2 million.

UNAUDITED PROFIT AND LOSS STATEMENTS ON THE IDENTIFIABLE NET INCOME STREAM OF THE EQUIPMENT AND THE LAST BATCH EQUIPMENT

In accordance with Rule 14.68(2)(b)(i) of the Listing Rules, the unaudited profit and loss statements on the identifiable net income stream of the Equipment and the Last Batch Equipment (the "**Disposal Assets**") for each of the years ended 31 December 2021, 2022 and 2023, the four months ended 30 April 2024 and its comparative figures for the four months ended 30 April 2023 (the "**Unaudited Profit and Loss Statements**") and its basis of preparation are set out below.

The Unaudited Profit and Loss Statements are prepared by the Directors solely for the purpose of inclusion in this circular in connection with the proposed disposal of the Disposal Assets. Deloitte Touche Tohmatsu (the "**reporting accountants**") were engaged to review the Unaudited Profit and Loss Statements in accordance with Hong Kong Standard on Review Engagements 2400 (Revised) "Engagements to Review Historical Financial Statements" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants.

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountants to obtain assurance that the reporting accountants would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountants do not express an audit opinion.

	For the year ended 31 December			For the four months ended 30 April	
	2021	**2022**	**2023**	**2023**	**2024**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	439,281	360,101	96,750	49,928	60,952[Note 1]
Cost of sales	(235,245)	(167,871)	(112,402)	(36,823)	(41,375)
Gross profit/(loss)	204,036	192,230	(15,652)	13,105	19,577
Other income and gains, net	486	—	—	—	—
Administrative expenses	(123,830)	(95,856)	(126,175)	(45,426)	(28,185)
Other expenses, net[Note 2]	(34,174)	1,960	(43,743)	—	—
Finance costs	(8,277)	(5,289)	(2,430)	(811)	(116)
Profit/(loss) before tax	38,241	93,045	(188,000)	(33,132)	(8,724)
Income tax expense	(6,413)	(5,619)	(859)	(417)	(280)
Profit/(loss) for the year/period	31,828	87,426	(188,859)	(33,549)	(9,004)

Note 1: For the four months ended 30 April 2024, the revenue of the Disposal Assets was approximately HK$61.0 million, representing an increase of approximately 22.1% compared to the corresponding period in 2023. The increase in revenue was mainly attributable to the commencement of operation of certain new power stations in Indonesia.

Note 2: The amount includes impairment/(reversal of impairment) of trade receivables.

Basis of preparation of the Unaudited Profit and Loss Statements

The Unaudited Profit and Loss Statements have been prepared solely for the purpose of inclusion in the circular to be issued by the Company in connection with the proposed disposal of the Disposal Assets in accordance with Rule 14.68(2)(b)(i) of the Listing Rules and in accordance with the relevant accounting policies adopted by the Company in the preparation of the consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2023, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. The Unaudited Profit and Loss Statements have been prepared under the historical cost convention. The Unaudited Profit and Loss Statements neither contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements" nor a set of financial statements as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants, and that it should be read in connection with the Group's relevant published annual consolidated financial statements.

The following is the text of the summary of Valuation Reports prepared for the purpose of incorporation in this circular received from the Valuer in connection with its opinion of value of the Equipment and the Last Batch Equipment as at 30 June 2024.

SUMMARY OF THE VALUATION REPORTS

China Enterprise Appraisals Consultation Co., Ltd. has accepted the entrustment from VPower Group International Holdings Limited (偉能集團國際控股有限公司) (the "**Company**"), and carried out valuation of the market value as at 30 June 2024 of the power generating sets and other machinery and equipment (the "**Subject Equipment**") to be disposed of by the Company in accordance with the laws and administrative regulations and with reference to Basic Rules for Asset Appraisal (Cai Zi [2017] No. 43) issued by the Ministry of Finance and Practice Guidelines for Asset Valuation — Machinery and Equipment (Zhong Ping Xie [2017] No. 39) and Code of Professional Ethics for Asset Valuation (Zhong Ping Xie [2017] No. 30) issued by China Appraisal Society (中國資產評估協會), by adhering to the principles of independence, objectivity and fairness, following the necessary valuation procedures, and adopting the cost approach.

We have no existing or expected interest relationship with the valuation subject in the summary of the valuation reports (the "**Valuation Reports**"); have no existing or expected interest relationship with the relevant parties; and have no prejudice against the relevant parties.

The summary of the Valuation Reports is as follows:

Purpose of Valuation: The Company intends to dispose of the Subject Equipment held by its subsidiaries, namely V POWER LANKA (PRIVATE) LIMITED, VPOWER MYANMAR LIMITED, VPOWER GROUP HOLDINGS LIMITED, and VPOWER KC1 LIMITED (the "**Subject Companies**"). In accordance with the Approval on the Disposal of Assets and Establishment of Asset Valuation of VPower Company (Tong Guo Ji Cai Zi [2024] No. 7) (《關於偉能公司資產處置及資產評估立項的批覆》(通國際財字[2024]第7號)) issued by Genertec International Holding Co., Ltd. (通用技術集團國際控股有限公司), in this regard, the Company engaged us to conduct valuation of the market value of the Subject Equipment held by the Subject Companies on the valuation benchmark date (the "**Valuation Benchmark Date**"), and provide the reference value for the said economic activity.

Subject of Valuation: The market value of the Subject Equipment held by the Subject Companies.

Scope of Valuation: The Subject Equipment held by the Subject Companies, subject to the actual number of power generating sets, transformers, air compressors, control systems, DC panels for medium voltage control systems, gas regulating stations, fire-fighting systems and high-voltage switchgear, etc. as reported.

Valuation Benchmark Date: 30 June 2024

Basis for Valuation:

(I) ***Economic Behavior Basis***

1. The Approval on the Disposal of Assets and Establishment of Asset Valuation of VPower Company (Tong Guo Ji Cai Zi [2024] No. 7) (《關於偉能公司資產處置及資產評估立項的批覆》(通國際財字[2024]第7號)) issued by Genertec International Holding Co., Ltd. (通用技術集團國際控股有限公司).

(II) ***Basis of Laws and Regulations***

1. Asset Valuation Law of the People's Republic of China (Adopted at the 21st Meeting of the 12th NPC Standing Committee (NPCSC) on 2 July 2016);

2. Company Law of the People's Republic of China (Revised for the second time at the 7th Meeting of the 14th NPC Standing Committee (NPCSC) on 29 December 2023);

3. Civil Code of the People's Republic of China (Adopted at the 3rd Meeting of the 13th National People's Congress on 28 May 2020);

4. Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Revised on 11 June 2024);

5. Financial Supervision and Management Regulations for the Asset Valuation Industry (Promulgated by Order No. 86 of the Ministry of Finance of the People's Republic of China, and amended according to Order No. 97 of the Ministry of Finance);

6. Law of the People's Republic of China on State-Owned Assets of Enterprises (Adopted at the 5th Meeting of the 11th NPC Standing Committee (NPCSC) on 28 October 2008);

7. Interim Regulations on the Supervision and Administration of State-owned Assets of Enterprises (State Council Order No. 378, revised according to State Council Order No. 709);

8. Measures for the Administration of State-owned Asset Valuation (State Council Order No. 91, revised according to State Council Order No. 732);

9. Notice on Issuing the Detailed Rules for the Implementation of the Administrative Measures for the Assessment of State-owned Assets (Guo Zi Ban Fa [1992] No. 36);

10. Interim Measures for the Administration of Assessment of State-owned Assets of Enterprises (Order No. 12 of the State-owned Assets Supervision and Administration Commission of the State Council);

11. Notice on Strengthening the Administration of Assessment of State-owned Assets of Enterprises (Guo Zi Wei Chan Quan [2006] No. 274);

12. Notice on Matters Related to the Audit of Valuation Reports on State-owned Assets of Enterprises (Guo Zi Chan Quan [2009] No. 941);

13. Guidelines for the Filing for Recordation of the Assessment Projects of State-owned Assets of Enterprises (Guo Zi Fa Chan Quan [2013] No. 64);

14. Interim Measures for the Administration of Overseas State-owned Property Rights of Central Enterprises (Order No. 27 of the State-owned Assets Supervision and Administration Commission of the State Council);

15. Notice on Strengthening the Administration of Overseas State-owned Property Rights of Central Enterprises (Guo Zi Fa Chan Quan [2011] No. 144).

(III) ***Basis of Valuation Standards***

1. Basic Rules for Asset Appraisal (Cai Zi [2017] No. 43);

2. Code of Professional Ethics for Asset Valuation (Zhong Ping Xie [2017] No. 30);

3. Practice Guidelines for Asset Valuation — Asset Valuation Engagement Contract (Zhong Ping Xie [2017] No. 33);

4. Practice Guidelines for Asset Valuation — Asset Valuation Report (Zhong Ping Xie [2018] No. 35);

5. Practice Guidelines for Asset Valuation — Asset Valuation Procedures (Zhong Ping Xie [2018] No. 36);

6. Practice Guidelines for Asset Valuation — Asset Valuation Files (Zhong Ping Xie [2018] No. 37);

7. Practice Guidelines for Asset Valuation — Machinery and Equipment (Zhong Ping Xie [2017] No. 39);

8. Guidance on Valuation Report of State-owned Assets of Enterprises (Zhong Ping Xie [2017] No. 42);

9. Quality Control Guidance on the Business of Asset Valuation Agency (Zhong Ping Xie [2017] No. 46);

10. Guiding Opinions on Types of Value under Asset Valuation (Zhong Ping Xie [2017] No. 47);

11. Guiding Opinions on Legal Ownership of the Asset Valuation Target (Zhong Ping Xie [2017] No. 48);

12. Practice Guidelines for Asset Valuation — Asset Valuation Methodology (Zhong Ping Xie [2019] No. 35);

13. Terms for Asset Valuation Standards 2020 (Zhong Ping Xie [2020] No. 31).

(IV) ***Ownership Basis***

1. Purchase contract/EPC contract;

2. Other relevant property rights certificates.

(V) ***Pricing Basis***

1. Bloomberg Financial Terminal;

2. Equipment purchase contracts signed between enterprises and related units;

3. EPC contracts signed between enterprises and related units;

4. Records of on-site inspection and other relevant valuation information collected by valuation personnel;

5. Other materials related to the asset valuation.

(VI) ***Other Basis***

1. Valuation Expert Guidance No. 8 — Verification in Valuation (Zhong Ping Xie [2019] No. 39);

2. The list of assets and the reporting forms for asset valuation provided by property right holders;

3. Database of China Enterprise Appraisals Consultation Co., Ltd.

Type of Value: Market value

Valuation Approach:

(I) ***Selection of valuation approach***

The approach of this valuation is: cost approach

As stated in the Practice Guidelines for Asset Valuation — Machinery and Equipment, asset valuation personnel shall analyse the suitability of the three basic asset valuation methods, namely the cost approach, the market approach and the income approach, based on the purpose and subject of the valuation, the type of value and the collected information, and select the valuation method. The cost approach has been selected for the valuation of the Subject Equipment.

The income approach refers to a general term for various valuation approaches in which the expected income of the valuation subject shall be capitalised or discounted so as to determine its value.

The market approach refers to a general term for a valuation approach in which the valuation subject shall be compared with the comparable reference so as to determine the value of valuation subject based on the market value of the comparable reference.

The cost approach refers to a general term for a valuation approach in which the value of a valuation subject shall be determined by taking the cost of reconstruction or replacement as the basis for determining the value of the valuation subject and deducting the relevant depreciation, along the lines of reconstruction or replacement of the valuation subject.

The future income to be generated from the Subject Equipment within the scope of this valuation and the risks associated with the expected income are subject to greater uncertainty and conditions for the adoption of the income approach are not met, therefore, the income approach has not been adopted for this valuation. The Subject Equipment within the scope of this valuation are second-hand equipment that were used by property right holders, and it is understood with property right holders that there is no active market for trading of equipment in the local area, and conditions for the adoption of the market approach are not met, therefore, the market approach has not been adopted for this valuation. The Subject Equipment within the scope of this valuation can be used normally and their replacement cost and relevant depreciation can be obtained and reasonably estimated, therefore, the cost approach has been adopted for this valuation.

(II) ***Introduction to the Valuation Approach***

The calculation formula of the cost approach is as follows:

Appraised value = replacement costs × integrated depreciation rate

1. *Determination of replacement costs*

According to our understanding of the relevant laws and accounting policies of the local country, the replacement cost of equipment consists of equipment purchase costs, other expenses and capital costs.

Equipment replacement costs = equipment purchase costs + other expenses + capital costs

For the equipment stored in the warehouse on the Valuation Benchmark Date, other expenses and capital costs such as installation fee of equipment shall cease to be considered.

(1) Equipment purchase price

Import equipment purchase costs mainly consist of free on board (FOB) offshore purchase costs, overseas transportation fee, overseas transportation insurance fee, customs duty, bank financial fee, import agency fee and land transportation fee, etc. The calculation formula is as follows:

Equipment purchase costs = FOB offshore purchase costs + overseas transportation fee + overseas transportation insurance fee + customs duty + bank financial fee + import agency fee + land transportation fee

1) FOB offshore purchase costs

The FOB offshore purchase costs of equipment is determined mainly by verifying the recent contract price of equipment and inquiring the price from export equipment manufacturers.

2) Overseas transportation fee

Overseas transportation fee rate is determined based on the distance of the location of assets from the exporting country.

Overseas transportation fee = FOB price × overseas transportation fee rate

3) Overseas transportation insurance fee

Overseas transportation insurance fee rate is determined based on the actual conditions of import equipment in the country where the assets are located.

Overseas transportation insurance fee = (FOB price + overseas transportation fee) × overseas transportation insurance fee rate

4) Cost, insurance and freight (CIF) onshore purchase costs = (FOB price + overseas transportation fee + overseas transportation insurance fee) × exchange rate

5) Customs duty

Customs duty = onshore purchase costs (CIF price) × customs duty rate

6) Bank financial fee

Bank financial fee is determined with reference to the bank financial fee rates for import equipment in the country where the assets are located. The calculation formula is as follows:

Bank financial fee = FOB price × bank financial fee rate × exchange rate

7) Import agency fee

Import agency fee is determined based on actual rates incurred for importing goods from Indonesia or Myanmar. The calculation formula is as follows:

Import agency fee = CIF price × import agency fee rate

8) Land transportation fee

Land transportation fee = CIF price × land transportation fee rate

(2) Other expenses[Note 1]

Other expenses = equipment purchase costs × other rate

(3) Capital costs[Note 2]

Capital costs = (equipment purchase costs + other expenses) × 5.00% × 1/2

Notes:

1. Other expenses include the installation costs for the Subject Equipment that will be set up at the project site. The other rate represents the ratio of installation and other expenses in relation to the equipment purchase cost.

2. Capital costs refer to the financing expenses incurred for the procurement, installation, and associated costs of the Subject Equipment. The funding cost of 5% was determined with reference to the prevailing 12-month London Interbank Offered Rate and Hong Kong Interbank Offered Rate as at the Valuation Benchmark Date. Since there will be both inflow and outflow of funds over a one-year period, the overall funding cost rate is calculated as 5% × (1/2).

2. *Determination of integrated depreciation rate*

Based mainly on the useful economic years of the Subject Equipment and its years already used, the remaining useful years of the Subject Equipment are determined comprehensively through on-site investigation to understand its usage condition and technical condition, then its integrated depreciation rate is determined according to the following formula:

Integrated depreciation rate = remaining useful years/(remaining useful years + years already used) × 100%

3. *Determination of appraised value*

Appraised value = replacement costs × integrated depreciation rate

Valuation Procedures:

We conducted valuations of the Subject Equipment from 6 June 2024 to 4 July 2024. The main process and situation for the implementation of valuation procedures are as follows:

(I) ***Acceptance of entrustment***

On 6 June 2024, we and the Company reached an agreement on the basic matters of the valuation such as the purpose of valuation, the subject of valuation, the scope of valuation and the Valuation Benchmark Date, as well as the rights and obligations of each party, and formulated a corresponding valuation plan through mutual negotiation.

(II) ***Preliminary preparation***

After accepting the entrustment, we have formulated a specific valuation work plan and established a valuation team according to the purpose of valuation, characteristics of the subject of valuation and time schedule. At the same time, according to the actual needs of the project, a list of information and a declaration form required for valuation have also been created.

(III) ***On-site investigation***

We conducted necessary check and verification on the Subject Equipment involved in the subject of valuation from 21 June 2024 to 3 July 2024.

1. *Guidance to property right holders on filling and preparation of information to be provided to the valuation agency*

   We guided the financial and assets management personnel of property right holders to fill the asset valuation detail form(s) (the "**Asset Valuation Detail Form(s)**") provided by us in accordance with its filling requirements and information list on the basis of voluntary asset inspection, and accurately fill in details of the Subject Equipment, as well as collect and prepare property ownership certificate documents and documents that reflect the performance, status, economic and technical indicators, etc.

2. *Preliminary review and improvement of the Asset Valuation Detail Form filled in by property right holders*

   We understood the detailed status of the Subject Equipment by reviewing the relevant information, then carefully reviewed various Asset Valuation Detail Forms and checked whether there were incomplete, mistaken or unclear asset items, as well as any omissions in the Asset Valuation Detail Forms based on their experience and the information obtained while gave feedback to property right holders on improvement of the Asset Valuation Detail Forms.

3. *On-site field inspection*[Note]

   In accordance with the type, quantity, and distribution of the Subject Equipment, we, with the cooperation of relevant personnel from property right holders, conducted on-site inspections of each asset according to the relevant provisions of the asset valuation standards and adopted different investigation methods according to different asset natures and characteristics.

Note: Due to the unstable political environment in Myanmar, we were unable to conduct on-site surveys for the equipment situated there. As a result, we resorted to alternative inspection methods to assess the useful economic life of those equipment, which involved examining them through online communication and reviewing their recent photos.

4. *Supplement, modify, and improve the Asset Valuation Detail Form*

We, based on the results of the on-site inspections and after thorough communication with the relevant personnel from property right holders, further improved the Asset Valuation Detail Form to ensure that the records, the forms, and the actual assets are consistent with each other.

5. *Verification of property right certificate documents and materials*

We inspected the property right certificate documents and materials for the Subject Equipment included in the scope of valuation. In cases where the ownership information was incomplete or unclear, we requested the Subject Companies to verify the details or issue relevant property right explanation documents.

(IV) ***Information Collection***

We collected valuation information according to the specific circumstances of the valuation project, including information independently obtained directly from the market and other channels, information obtained from the Company and other relevant parties, and information obtained from government departments, various professional institutions, and other relevant departments. The collected valuation information was analysed, summarised, and organised as the basis for the valuation.

(V) ***Valuation and Estimation***

We, based on the specific circumstances of the Subject Equipment, according to the selected valuation approach, selected the appropriate formulas and parameters for analysis, calculation, and judgment, forming preliminary valuation conclusions. We summarised the preliminary valuation conclusions of the Subject Equipment, and wrote and formed preliminary Valuation Reports.

(VI) ***Internal Review***

In accordance with the provisions of our company's valuation business process management regulations, the preliminary Valuation Reports were submitted for internal review to the company after we complete it. After the internal review, we communicated with the Company or other relevant parties agreed by the Company regarding the contents of the Valuation Reports without prejudice to the exercise of independent judgment on the valuation conclusions. Upon completion of the above asset valuation procedures, a formal asset valuation report is then issued and submitted.

Valuation Assumptions:

The assumptions adopted for the analysis and estimate in the Valuation Reports are as follows:

(I) the Subject Equipment are in the process of being traded, our estimates are based on simulated markets including the transaction conditions of the Subject Equipment;

(II) the Subject Equipment are traded in the market, or intended for market transactions, where the parties in the asset transaction are in equal positions, have opportunities and time to obtain sufficient market information, engage in voluntary and rational transactions, and are able to make sensible judgments on the function, uses, and transaction prices of the assets;

(III) there will be no significant changes in the political, economic, and social environments of countries and regions after the Valuation Benchmark Date;

(IV) there will be no significant changes in national macroeconomic policies, industrial policies, and regional development policies after the Valuation Benchmark Date;

(V) there will be no significant changes after the Valuation Benchmark Date in relevant factors such as interest rates, exchange rates, tax bases and rates, policy-related levies, etc.;

(VI) unless stated otherwise, the subject subsidiaries fully comply with all relevant laws and regulations;

(VII) there will be no major adverse impacts caused by force majeure after the Valuation Benchmark Date;

(VIII) unless stated otherwise, the Subject Equipment will be either utilised in the different location or same locations as their original intended use.

Valuation Conclusion:

On the Valuation Benchmark Date, the results of the book value and appraised value of the Subject Equipment translated into RMB at the RMB exchange rate as published by the People's Bank of China as at 28 June 2024 are set out below:

Unit: RMB

Property right holders	Relevant assets	Net book value	Appraised original value	Depreciation rate	Appraised value	Appraised appreciation	Appreciation rate	Remarks
V POWER LANKA (PRIVATE) LIMITED	50 units of diesel power generating sets and their ancillary equipment and accessories	129,189,794	204,776,482	69.78%	142,897,450	13,707,656	10.61%	Representing the "Last Batch Equipment" in Equipment Purchase Agreement
VPOWER MYANMAR LIMITED	74 units of natural gas power generating sets and their ancillary equipment and accessories	312,517,095	580,292,987	65.88%	382,308,958	69,791,863	22.33%	Representing the "Equipment Batch 2" in the Equipment Purchase Agreement
VPOWER GROUP HOLDINGS LIMITED	161 units of power generating sets and their ancillary equipment and accessories currently in operation in Indonesia	491,495,860	1,087,582,329	56.13%	610,488,119	118,992,259	24.21%	Representing the "Equipment Batch 1" in the Equipment Purchase Agreement
	7 units of natural gas power generating sets (medium-speed engine) and their ancillary equipment and accessories currently not in operation in Indonesia	145,842,830	306,404,748	59.19%	181,362,633	35,519,803	24.35%	Representing the "Last Batch Equipment" in the Equipment Purchase Agreement
	10 units of diesel power generating sets (high-speed engine) and their ancillary equipment and accessories currently not in operation in Indonesia	11,847,945	31,391,902	55.46%	17,408,879	5,560,934	46.94%	Representing the "Last Batch Equipment" in the Equipment Purchase Agreement
	30 units of natural gas power generating sets (high-speed engine) and their ancillary equipment and accessories currently not in operation in Myanmar	111,985,571	338,109,517	54.76%	185,159,752	73,174,181	65.34%	Representing the "Equipment Batch 2" in the Equipment Purchase Agreement
VPOWER KC1 LIMITED	11 units of natural gas power generating sets and their ancillary equipment and accessories	76,270,404	122,268,545	76.34%	93,343,179	17,072,775	22.38%	Representing the "Equipment Batch 2" in the Equipment Purchase Agreement
Total		1,279,149,499	2,670,826,510	60.39%	1,612,968,970	333,819,471	26.10%	

Based on the above table, the appraised appreciation is mainly attributable to (i) the increase in FOB offshore purchase costs of the Subject Equipment; and (ii) the increase in the appraised net value due to the fact that the useful economic life of the Subject Equipment is longer than their depreciation period.

INTRODUCTION

The following is the unaudited pro forma financial information of the Remaining Group, comprising the unaudited pro forma consolidated statement of profit or loss and unaudited pro forma condensed consolidated net assets statement of the Remaining Group (the "**Unaudited Pro Forma Financial Information**") which is prepared to illustrate the effect of the proposed Disposal on the Group's financial position as at 30 June 2024, as if the proposed Disposal had taken place on 30 June 2024, and on the Group's financial performance for the year ended 31 December 2023, as if the proposed Disposal had taken place on 1 January 2023.

The unaudited pro forma consolidated statement of profit or loss of the Remaining Group is prepared based on the audited consolidated statement of profit or loss of the Group for the year ended 31 December 2023, which has been extracted from the published annual report of the Company for the year ended 31 December 2023 after making certain pro forma adjustments resulting from the proposed Disposal.

The unaudited pro forma condensed consolidated net assets statement of the Remaining Group is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2024, which has been extracted from the published interim report of the Company for the six months ended 30 June 2024 after making certain pro forma adjustments resulting from the proposed Disposal.

The Unaudited Pro Forma Financial Information is prepared based on the aforesaid historical data after giving effect to the pro forma adjustments described below in the accompanying notes that are (i) directly attributable to the proposed Disposal; and (ii) factually supportable.

The Unaudited Pro Forma Financial Information is prepared by the Directors based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the Unaudited Pro Forma Financial Information, it may not give a true picture of the actual financial position and results of operation of the Remaining Group had the proposed Disposal actually occurred on the dates indicated herein. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Remaining Group's future financial position and results of operation.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in Appendix I of the circular ("**Circular**") and other financial information included elsewhere in the Circular.

A. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS OF THE REMAINING GROUP

	The Group for the year ended 31 December 2023	Pro forma adjustments			The Remaining Group for the year ended 31 December 2023
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	
Revenue	1,497,643	(96,750)	—	—	1,400,893
Cost of sales	(1,451,485)	112,402	—	—	(1,339,083)
Gross profit	46,158	15,652	—	—	61,810
Other income and gains, net	4,334	—	—	113,535	117,869
Selling and distribution expenses	(14,758)	—	—	—	(14,758)
Administrative expenses	(398,142)	126,175	(21,885)	—	(293,852)
Other expenses, net	(1,470,510)	43,743	—	—	(1,426,767)
Finance costs	(316,181)	2,430	—	—	(313,751)
Share of loss of joint ventures	(705,903)	—	—	—	(705,903)
Loss before tax	(2,855,002)	188,000	(21,885)	113,535	(2,575,352)
Income tax credit/(expense)	957	859	(5,587)	—	(3,771)
Loss for the year	(2,854,045)	188,859	(27,472)	113,535	(2,579,123)

Notes:

1. The audited consolidated statement of profit or loss for the year ended 31 December 2023 is extracted from the published annual report of the Company for the year ended 31 December 2023. The amount of other expenses, net includes impairment/(reversal of impairment) of trade receivables and contract assets.

2. The adjustment represents the exclusion of the financial performance attributes to the Equipment and the Last Batch Equipment for the year ended 31 December 2023, assuming the proposed Disposal had taken place on 1 January 2023, which are extracted from the unaudited profit and loss statements on the identifiable net income stream of the Equipment and the Last Batch Equipment as set out in Appendix II to the Circular.

3. The adjustment represents the recognition of the estimated transaction costs of approximately HK$21,885,000, including but not limited to legal and professional fees, stamp duty and other miscellaneous taxes, and the income tax expense of approximately HK$5,587,000, which are directly attributable to the proposed Disposal as estimated by the Directors.

4. The adjustment reflects the gain on the disposal of the Equipment and the Last Batch Equipment by the Group, assuming the proposed Disposal had taken place on 1 January 2023, excluding the estimated professional fees and other expenses directly attributable to the proposed Disposal.

	HK$'000
Calculation of pro forma gain on the proposed Disposal:	
Net cash consideration *(note)*	1,774,266
Less: amount of certain equipment to be acquired which are included in scope of Equipment Batch 1	(13,032)
Less: carrying value of the Equipment and Last Batch Equipment as at 1 January 2023	(1,647,699)
Gain on the proposed Disposal	113,535

Note: The amount is determined based on the Appraised Value from the Valuation Reports as attached in Appendix III to the Circular. The consideration of the Last Batch Equipment may change if the proposed Disposal is not completed by Last Purchase Date. The details are set out in section headed "Last Batch Equipment Closing" in the Letter from the Board in this Circular.

5. The pro forma adjustments 2, 3 and 4 are not expected to have a continuing effect on the unaudited pro forma consolidated statement of profit or loss of the Remaining Group.

B. UNAUDITED PRO FORMA CONDENSED CONSOLIDATED NET ASSETS STATEMENT OF THE REMAINING GROUP

	The Group as at 30 June 2024	Pro forma adjustments				The Remaining Group as at 30 June 2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	
Non-current assets						
Property, plant and equipment	2,036,928	13,032	(1,404,778)	—	—	645,182
Right-of-use assets	44,834	—	—	—	—	44,834
Other intangible assets	8,935	—	—	—	—	8,935
Interests in joint ventures	882,195	—	—	—	—	882,195
Deposits and other receivables	48,240	—	—	—	—	48,240
Deferred tax assets	17,173	—	—	—	—	17,173
Total non-current assets	3,038,305	13,032	(1,404,778)	—	—	1,646,559
Current assets						
Inventories	832,227	—	—	—	—	832,227
Trade and bills receivables	1,680,195	—	—	—	—	1,680,195
Prepayments, deposits, other receivables and other assets	168,629	—	—	—	—	168,629
Derivative financial instruments	13,520	—	—	—	—	13,520
Tax recoverable	582	—	—	—	—	582
Restricted cash	12,290	—	—	—	—	12,290
Pledged deposits	783	—	—	—	—	783
Cash and cash equivalents	253,216	—	—	1,774,266	(21,885)	2,005,597
Total current assets	2,961,442	—	—	1,774,266	(21,885)	4,713,823
Current liabilities						
Trade and bills payables	561,187	—	—	—	—	561,187
Other payables and accruals	1,012,499	13,032	—	—	—	1,025,531
Contract liabilities	266,130	—	—	—	—	266,130
Interest-bearing bank and other borrowings	2,332,208	—	—	—	—	2,332,208
Lease liabilities	15,803	—	—	—	—	15,803
Tax payable	5,488	—	—	—	5,587	11,075
Provision for restoration	4,774	—	—	—	—	4,774
Total current liabilities	4,198,089	13,032	—	—	5,587	4,216,708

	The Group as at 30 June 2024	Pro forma adjustments				The Remaining Group as at 30 June 2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	
Net current (liabilities)/assets	(1,236,647)	(13,032)	—	1,774,266	(27,472)	497,115
Total assets less current liabilities	1,801,658	—	(1,404,778)	1,774,266	(27,472)	2,143,674
Non-current liabilities						
Other payables	1,006	—	—	—	—	1,006
Interest-bearing bank and other borrowings	42,132	—	—	—	—	42,132
Lease liabilities	48,122	—	—	—	—	48,122
Provision for restoration	666	—	—	—	—	666
Deferred tax liabilities	4,535	—	—	—	—	4,535
Total non-current liabilities	96,461	—	—	—	—	96,461
Net assets	1,705,197	—	(1,404,778)	1,774,266	(27,472)	2,047,213

Notes:

1. The unaudited condensed consolidated net assets statement of the Group as at 30 June 2024 is extracted from the published interim report of the Company for the six months ended 30 June 2024.

2. The adjustment represents recognition of certain equipment to be acquired subsequent to 30 June 2024 which is included in scope of Equipment Batch 1.

3. The adjustment represents the exclusion of the carrying value of the Equipment and the Last Batch Equipment as at 30 June 2024, assuming the proposed Disposal had taken place on 30 June 2024.

	HK$'000
Carrying value of the Equipment Batch 1 as at 30 June 2024, including certain equipment to be acquired subsequent to 30 June 2024	548,118
Carrying value of the Equipment Batch 2 as at 30 June 2024	537,930
Carrying value of the Last Batch Equipment as at 30 June 2024 *(note)*	318,730
	1,404,778

Note: The management has assumed that the conditions for the Last Batch Equipment Closing as set out in section headed "Last Batch Equipment Closing" in the Letter from the Board of the Circular are fulfilled as at 30 June 2024.

4. The adjustment reflects the cash consideration received upon completion of the proposed Disposal amounting to RMB1,612,969,000 (approximately HK$1,774,266,000), which is determined based on the Appraised Value from the Valuation Reports as attached in Appendix III to the Circular.

	HK$'000
Cash consideration of the Equipment Batch 1, including certain equipment to be acquired subsequent to 30 June 2024	671,537
Cash consideration of the Equipment Batch 2	726,893
Cash consideration of the Last Batch Equipment *(note)*	375,836
	1,774,266

Note: The management has assumed that the conditions for the Last Batch Equipment Closing as set out in section headed "Last Batch Equipment Closing" in the Letter from the Board of the Circular are fulfilled as at 30 June 2024. The consideration of the Last Batch Equipment may change if the proposed Disposal is not completed by Last Purchase Date. The details are set out in section headed "Last Batch Equipment Closing" in the Letter from the Board of this Circular.

5. The adjustment represents the recognition of the estimated transaction costs of approximately HK$21,885,000, including but not limited to legal and professional fees, stamp duty and other miscellaneous taxes, and the income tax expense of approximately HK$5,587,000, which are directly attributable to the Disposal as estimated by the Directors.

C. REPORTING ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company in respect of the unaudited pro forma financial information prepared for the purpose of incorporation in this circular.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of VPower Group International Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of VPower Group International Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma condensed consolidated net assets statement as at 30 June 2024 and the unaudited pro forma consolidated statement of profit or loss for the year ended 31 December 2023 and related notes as set out on pages IV-1 to IV-6 of Appendix IV to the circular issued by the Company dated 18 October 2024 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages IV-1 to IV-6 of Appendix IV to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed disposal of the Equipment and the Last Batch Equipment on the Group's financial position as at 30 June 2024 and the Group's financial performance for the year ended 31 December 2023 as if the transaction had taken place at 30 June 2024 and 1 January 2023 respectively. As part of this process, information about the Group's financial performance and financial position has been extracted by the Directors from the Group's financial statements for the year ended 31 December 2023 and Group's unaudited condensed consolidated financial information for the six months ended 30 June 2024, on which an annual report and interim report have been published, respectively.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting

Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2024 or 1 January 2023 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

18 October 2024

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares and Debentures

As at the Latest Practicable Date, the interests and short positions of each Director and the chief executive of the Company in the Shares and underlying Shares of the Company (within the meaning of Part XV of the SFO) which were required, (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or (ii) pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") are as follows:

Name of Director	Capacity	Number of Shares *(Note 1)*	Approximate percentage of the issued share capital *(Note 2)*
Lam Yee Chun ("**Mr. Lam**")	Interest of a controlled corporation	1,108,826,000 *(Note 3)*	16.59%
	Beneficial owner	2,605,000	0.04%
	Interest of spouse	388,288,000 *(Note 4)*	5.81%

Notes:

1. All the interests in the Shares were long positions. None of the Directors or the chief executive of the Company held any short positions in the Shares or underlying Shares as at the Latest Practicable Date.

2. Based on 6,683,150,524 Shares in issue as at the Latest Practicable Date.

3. Energy Garden Limited ("**Energy Garden**") is a controlled corporation of Sunpower Global Limited ("**Sunpower**"); and Mr. Lam holds the entire issued share capital of Sunpower. Mr. Lam is deemed to have interest in 1,108,826,000 Shares held by Energy Garden. Security interest in respect of 778,133,000 Shares out of these 1,108,826,000 Shares was created in favour of a person other than a qualified lender.

4. Ms. Chan Mei Wan ("**Ms. Chan**"), the spouse of Mr. Lam, holds the entire issued share capital of Classic Legend Holdings Limited ("**Classic Legend**") which holds 387,380,000 Shares; and Ms. Chan is the beneficial owner of 908,000 Shares. Under Division 2 and 3 of Part XV of the SFO, Mr. Lam is deemed to have interest in the aggregate of 388,288,000 Shares in which his spouse has interest.

Save as disclosed above, as at the Latest Practicable Date, 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) which were required, (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or (ii) pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	**Capacity/ nature of interest**	**Total number of Shares/ underlying Shares** *(Note 1)*	**Approximate percentage of the issued share capital** *(Note 2)*
Genertec	Interest of a controlled corporation	4,068,590,511 *(Note 3)*	60.88%
Genertec Hong Kong International Capital Limited ("**Genertec Capital**")	Person having a security interest in shares	778,133,000 *(Note 3)*	11.64%
CNTIC	Beneficial owner	3,290,457,511 *(Note 3)*	49.24%
Sunpower	Interest of a controlled corporation	1,108,826,000 *(Note 4)*	16.59%
Energy Garden	Beneficial owner	1,108,826,000 *(Note 4)*	16.59%

Name of Shareholder	Capacity/ nature of interest	Total number of Shares/ underlying Shares *(Note 1)*	Approximate percentage of the issued share capital *(Note 2)*
海南天堃私募股權投資基金管理有限公司 ("**海南天堃**")	Interest of a controlled corporation	660,328,000 *(Note 5)*	9.88%
海南天坤天泰私募投資基金合伙企業(有限合伙) ("**海南天坤**")	Beneficial owner	660,328,000 *(Note 5)*	9.88%
Ms. Chan	Interest of a controlled corporation	387,380,000 *(Note 6)*	5.80%
	Beneficial owner	908,000	0.01%
	Interest of spouse	1,111,431,000 *(Note 7)*	16.63%
Classic Legend	Beneficial owner	387,380,000 *(Note 6)*	5.80%

Notes:

1. All the above interests in the Shares and underlying Shares were long positions.

2. Based on 6,683,150,524 Shares in issue as at the Latest Practicable Date.

3. Genertec Capital and CNTIC are controlled corporations of Genertec, therefore Genertec was deemed to have interest in the 778,133,000 Shares in which Genertec Capital has security interest and the 3,290,457,511 Shares held by CNTIC. Mr. Lu Weijun was the sole executive director of CNTIC.

4. Energy Garden is a controlled corporation of Sunpower, therefore Sunpower is deemed to have interest in the 1,108,826,000 Shares held by Energy Garden. Mr. Lam held the entire issued share capital of Sunpower, and was the sole director of each of Sunpower and Energy Garden.

5. 海南天坤 is a controlled corporation of 海南天堃, therefore 海南天堃 is deemed to have interest in the 660,328,000 Shares held by 海南天坤.

6. Ms. Chan held the entire issued share capital of Classic Legend which held 387,380,000 Shares.

7. Ms. Chan is the spouse of Mr. Lam. Under Division 2 and 3 of Part XV of the SFO, Ms. Chan is deemed to have interest in the aggregate of 1,111,431,000 Shares in which her spouse has interest. For details of Mr. Lam's interest, please refer to his disclosure in the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares and Debentures" in this appendix.

As at the Latest Practicable Date, save as disclosed above, (i) so far as was known to the Directors and the chief executive of the Company, there was no other person (other than a Director or the chief executive of the Company) had, or were deemed or taken to have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 under Part XV of the SFO or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO; and (ii) none of the Directors was a director, supervisor or employee of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into a service contract with any member of the Group which would not expire or would not be determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTOR'S INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any interest, either directly or indirectly, in any assets which had since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up), been acquired or disposed of by or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

5. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.

6. COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES

As at the Latest Practicable Date, each of Mr. Gao Zhan, Mr. Lu Weijun and Mr. Li Haifeng, had interests in the following businesses, which are considered to compete or be likely to compete, either directly or indirectly, with the business of the Group:

Name of Director	Name of company	Interest in the competing business	Nature of the competing business
Mr. Gao Zhan	Genertec International Holding Co., Ltd.	Director, General Manager, Deputy Secretary of the Party Committee and Chief Risk Officer	Investment in, construction and operation of overseas energy engineering projects

Name of Director	Name of company	Interest in the competing business	Nature of the competing business
Mr. Lu Weijun	Genertec International Holding Co., Ltd.	Deputy General Manager and Member of the Party Committee	Investment in, construction and operation of overseas energy engineering projects
	CNTIC	Executive Director	Investment in, construction and operation of overseas energy engineering projects
Mr. Li Haifeng	China National Energy Engineering & Construction Co., Ltd.	Director	Investment in, construction and operation of overseas energy engineering projects
	CNTIC Capital	Director	Engineering contracting work of investment projects and trading of electrical equipment

As at the Latest Practicable Date, save as disclosed above, none of the Directors and their respective close associates had any interest in any business (apart from the Group's business) which competes or is likely to compete, either directly or indirectly, with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them was a controlling shareholder) or had or may have any other conflict of interest with the Group pursuant to the Listing Rules, other than those businesses which the Directors and their respective associates were appointed to represent the interests of the Company and/or the Group.

7. MATERIAL CONTRACTS

During the two years preceding the date of this circular and up to the Latest Practicable Date, the Group entered into the following contracts, not being contracts entered into in the ordinary course of business of the Group carried on or intended to be carried on by the Group, and which are, or may be, material to the Group:

(a) the conditional subscription agreement dated 12 June 2023 entered into among the Company, CNTIC, VH and Energy Garden and the supplemental subscription agreement dated 28 August 2023 entered into among the same parties, pursuant to which the Company allotted and issued 3,290,457,511 new Shares to CNTIC at the subscription price of HK$0.42 per Share at a total subscription amount of HK$1,381,992,155;

(b) the placing agreement dated 24 August 2023 entered into between the Company and Goldlink Securities Limited as the placing agent, pursuant to which the Company allotted and issued 691,000,000 new Shares to placees procured by the placing agent at the placing price of HK$0.33 per Share; and

(c) the Equipment Purchase Agreement, details of which are set out on pages 10 to 19 of this circular.

8. EXPERTS AND CONSENTS

The following sets out the qualification of the experts who have given opinions, letters or advices included in this circular:

Name	Qualification
China Enterprise Appraisals Consultation Co., Ltd.	Independent Professional Valuer
Deloitte Touche Tohmatsu	Certified Public Accountants
INCU Corporate Finance Limited	A licensed corporation permitted to carry on type 6 (advising on corporate finance) regulated activity under the SFO

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or report and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the above expects did not have (i) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) any direct or indirect interest in any assets which had, since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group; (iii) beneficially been interested in the share capital of any member of the Group and had no right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

9. LITIGATION

On 19 August 2024, each of the Company and a wholly owned subsidiary of the Company incorporated in Hong Kong (the "**HK Subsidiary Plaintiff**"), as the plaintiff, issued an originating summons in the High Court of Hong Kong to apply for, among other things, an injunction against the defendant, which is an entity incorporated in Hong Kong (the "**Defendant**"), to restrain it from presenting, taking out and/or advertising any winding-up petition against the Company or the HK Subsidiary Plaintiff (as the case may be) in response to the statutory demand served by the Defendant on each of the Company and the HK Subsidiary Plaintiff in early August of 2024 to demand payment of an alleged debt of US$12,634,870.95 (approximately HK$98,551,993.41) (the "**Alleged Debt**"). On 22 August 2024, a wholly owned subsidiary of the Company incorporated in the British Virgin Islands (the "**BVI Subsidiary Plaintiff**"), as the plaintiff, applied to the Eastern Caribbean Supreme Court in the British Virgin Islands for, among other things, setting aside the statutory demand served by the Defendant on the BVI Subsidiary Plaintiff in early August of 2024 to demand payment of the same Alleged Debt. The Group disputes the liability of the Alleged Debt.

Save as disclosed above, no member of the Group was engaged in any litigation or claim of material importance and there was no litigation or claim of material importance pending or threatened against the Company or any member of the Group as at the Latest Practicable Date.

10. GENERAL

(a) The company secretary of the Company is Ms. Wong Wai Man who is a solicitor (as defined in the Legal Practitioners Ordinance (Chapter 159 of the laws of Hong Kong)).

(b) The registered office of the Company is situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

(c) The head office and principal place of business of the Company in Hong Kong is located at Units 2701–05, 27/F, Office Tower 1, The Harbourfront, 18–22 Tak Fung Street, Hung Hom, Kowloon, Hong Kong.

(d) The principal share registrar and transfer agent of the Company is Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

(e) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(f) This circular and the accompanying form of proxy have been prepared in both English and Chinese. In the case of any discrepancies, the English texts shall prevail over their respective Chinese texts.

11. DOCUMENTS ON DISPLAY

Copies of the following documents are available on the respective websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.vpower.com) for a period of fourteen (14) days from the date of this circular:

(a) the Equipment Purchase Agreement;

(b) the Equipment Lease Framework Agreement;

(c) the EPC Services Framework Agreement;

(d) the ETS Supply Framework Agreement;

(e) the annual reports of the Company for the three years ended 31 December 2023;

(f) the interim report of the Company for the six months ended 30 June 2024;

(g) the letter from the Board as set out in this circular;

(h) the letter from the Independent Board Committee containing its advice to the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Board Committee" in this circular;

(i) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" in this circular;

(j) the unaudited profit and loss statements on the identifiable net income stream of the Equipment and the Last Batch Equipment, the text of which is set out in Appendix II to this circular;

(k) the Valuation Reports, the summary of which is set out in Appendix III to this circular;

(l) the report on the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix IV to this circular;

(m) the letters of consent as referred to in the paragraph headed "8. EXPERTS AND CONSENTS" in this appendix; and

(n) this circular.

VPOWER GROUP INTERNATIONAL HOLDINGS LIMITED

偉能集團國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1608)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "**Meeting**") of VPower Group International Holdings Limited (the "**Company**") will be held at Units 2701–05, 27/F, Office Tower 1, The Harbourfront, 18–22 Tak Fung Street, Hung Hom, Kowloon, Hong Kong on Wednesday, 6 November 2024 at 11:00 a.m. for the purposes of considering and, if thought fit, passing the following ordinary resolutions.

ORDINARY RESOLUTIONS

1. "**THAT**:

   (a) the equipment purchase agreement dated 4 September 2024 entered into between CNTIC Capital (Hong Kong) Co., Limited ("**CNTIC Capital**") and China National Technical Import & Export Corporation ("**CNTIC**") as the buyers and VPower Group Holdings Limited ("**VGH**"), VPower Holdings Limited ("**VH**") and VPower Myanmar Limited ("**VML**") as the sellers in relation to the sale and purchase of the certain equipment as identified in the equipment purchase agreement (as described in the circular to the shareholders of the Company dated 18 October 2024 (the "**Circular**")) (the "**Equipment Purchase Agreement**"), a copy of which is produced to the Meeting marked "A" and signed by the chairman of the Meeting for the purpose of identification, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

   (b) any director of the Company be and is hereby authorised to sign, execute, perfect and deliver all such documents and, where necessary, to affix the common seal of the Company on any such document as and when necessary, to do all such deeds, acts, matters and things as he or she may in his or her discretion consider necessary or desirable for the purposes of or in connection with the implementation of the Equipment Purchase Agreement and the transactions contemplated thereunder, and to agree to and to make such variations, amendments or waiver of any of the matters relating to or in connection with the Equipment Purchase Agreement; and any actions taken by any directors of the Company in connection with the foregoing prior to the date of this resolution be and are hereby approved, confirmed and ratified."

2. "**THAT**:

(a) the equipment lease framework agreement dated 4 September 2024 entered into between CNTIC Capital as lessor entity and the Company as lessee entity in relation to the leasing of certain mobile power generating sets and ancillary equipment and accessories as identified in the equipment lease framework agreement from CNTIC Capital (or any of its subsidiaries or any of its associate(s) against which it shall procure the entering of such leases) to the Company (or any such other members of its group) (as described in the Circular) (the "**Equipment Lease Framework Agreement**"), a copy of which is produced to the Meeting marked "B" and signed by the chairman of the Meeting for the purpose of identification, the transactions contemplated thereunder, and the annual caps contemplated thereunder (the "**Leasing Proposed Caps**"), be and are hereby approved, confirmed and ratified; and

(b) any director of the Company be and is hereby authorised to sign, execute, perfect and deliver all such documents and, where necessary, to affix the common seal of the Company on any such document as and when necessary, to do all such deeds, acts, matters and things as he or she may in his or her discretion consider necessary or desirable for the purposes of or in connection with the implementation of the Equipment Lease Framework Agreement, the transactions contemplated thereunder and the Leasing Proposed Caps, and to agree to and to make such variations, amendments or waiver of any of the matters relating to or in connection with the Equipment Lease Framework Agreement; and any actions taken by any directors of the Company in connection with the foregoing prior to the date of this resolution be and are hereby approved, confirmed and ratified."

3. "**THAT**:

(a) the framework agreement dated 4 September 2024 entered into between CNTIC as the supplier and the Company as the purchaser in relation to the procurement of the engineering, procurement and construction ("**EPC**") contractor services and the EPC services by the Company and its subsidiaries from CNTIC, its subsidiaries and Associates (as defined in the said agreement) (as described in the Circular) (the "**EPC Services Framework Agreement**"), a copy of which is produced to the Meeting marked "C" and signed by the chairman of the Meeting for the purpose of identification, the transactions contemplated thereunder, and the annual caps contemplated thereunder (the "**EPC Proposed Caps**"), be and are hereby approved, confirmed and ratified; and

(b) any director of the Company be and is hereby authorised to sign, execute, perfect and deliver all such documents and, where necessary, to affix the common seal of the Company on any such document as and when necessary, to do all such deeds, acts, matters and things as he or she may in his or her discretion consider necessary or desirable for the purposes of or in connection with the implementation of the EPC Services Framework Agreement, the transactions contemplated thereunder and the EPC Proposed Caps, and to agree to and to make such variations, amendments

or waiver of any of the matters relating to or in connection with the EPC Services Framework Agreement; and any actions taken by any directors of the Company in connection with the foregoing prior to the date of this resolution be and are hereby approved, confirmed and ratified."

4. "**THAT**:

(a) the framework agreement dated 4 September 2024 entered into between CNTIC as purchaser and, the Company as supplier and VH as former supplier in relation to supply of equipment and related accessories and technical services by the Company and its subsidiaries to CNTIC, its subsidiaries and Associates (as defined in the said agreement) (as described in the Circular) (the "**ETS Supply Framework Agreement**"), a copy of which is produced to the Meeting marked "D" and signed by the chairman of the Meeting for the purpose of identification, the transactions contemplated thereunder, and the annual caps contemplated thereunder (the "**ETS Proposed Caps**"), be and are hereby approved, confirmed and ratified; and

(b) any director of the Company be and is hereby authorised to sign, execute, perfect and deliver all such documents and, where necessary, to affix the common seal of the Company on any such document as and when necessary, to do all such deeds, acts, matters and things as he or she may in his or her discretion consider necessary or desirable for the purposes of or in connection with the implementation of the ETS Supply Framework Agreement, the transactions contemplated thereunder and ETS Proposed Caps, and to agree to and to make such variations, amendments or waiver of any of the matters relating to or in connection with the ETS Supply Framework Agreement; and any actions taken by any directors of the Company in connection with the foregoing prior to the date of this resolution be and are hereby approved, confirmed and ratified."

By Order of the Board
VPower Group International Holdings Limited
Gao Zhan
Chairman

Hong Kong, 18 October 2024

Principal Place of Business:
Units 2701–05, 27/F
Office Tower 1
The Harbourfront
18–22 Tak Fung Street
Hung Hom
Kowloon
Hong Kong

Registered Office:
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Notes:

1. Any member of the Company entitled to attend and vote at the Meeting shall be entitled to appoint another person as his proxy to attend and vote instead. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote in his stead. A proxy need not be a member of the Company.

2. For joint registered holders of any share, any one of such joint holders may vote at the Meeting (or any adjournment thereof), either in person or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders are present at the Meeting (or any adjournment thereof) in person or by proxy, that one of the said joint holders so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.

3. In order to be valid, the form of proxy together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 11:00 a.m. on Monday, 4 November 2024 or not less than 48 hours before the time appointed for holding any adjourned meeting (as the case may be).

4. Completion and delivery of the form of proxy will not preclude any member of the Company from attending and voting in person at the Meeting (or any adjournment thereof) if he/she so wishes, and in such event, the form of proxy shall be deemed to be revoked.

5. Pursuant to Rule 13.39(4) of the Listing Rules and article 66 of the articles of association of Company, voting for all the resolutions set out in this notice will be taken by poll at the Meeting.

6. For the purpose of determining the entitlement to attend and vote at the Meeting, the register of members of the Company will be closed during the period from Monday, 4 November 2024 to Wednesday, 6 November 2024 (both days inclusive), during which period no transfer of share(s) will be effected. In order to qualify for attending and voting at the Meeting, all transfer document(s), accompanied by the relevant share certificate(s), must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 1 November 2024.

7. If at any time after 7:00 a.m. on the date of the Meeting, typhoon signal number 8 or above or a black rainstorm warning is hoisted or remains hoisted, the Meeting will be postponed or adjourned. The Company will post an announcement on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.vpower.com) to notify shareholders of the Company of the date, time and place of the re-scheduled meeting. At least seven clear days' notice shall be given of the re-scheduled meeting.

8. The Chinese translation of this notice is for reference only and in case of any consistency, the English version shall prevail.

9. All times and dates specified herein refer to Hong Kong local times and dates.

As at the date of this notice, the Board comprises Mr. Gao Zhan, Mr. Lam Yee Chun, Mr. Lu Weijun, Mr. Li Haifeng and Mr. Jin Jiantang as executive directors; Mr. Wong Kwok Yiu as a non-executive director; and Mr. Suen Wai Yu, Dr. Wang Zheng and Dr. Lin Tun as independent non-executive directors.