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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022 AND RESUMPTION OF TRADING

KEY HIGHLIGHTS

- Revenue decreased by 34.0% to approximately HK$3,361.3 million with revenue from SI business and IBO business amounting to approximately HK$1,945.4 million and approximately HK$1,415.9 million respectively.

- Gross profit decreased by 18.5% to approximately HK$661.9 million with gross profit margin improved to 19.7%.

- A loss attributable to the owners of the Company of approximately HK$316.9 million was recorded which was mainly attributable to a share of loss of approximately HK$200.6 million from a joint venture with operations and investments in Myanmar and an impairment of trade receivables amounting to approximately HK$75.5 million.

- Net debt decreased to approximately HK$2,763.9 million resulting in a lowered net gearing ratio of 88.0%.

The board of directors (the "**Board**") of VPower Group International Holdings Limited (the "**Company**") announces the consolidated annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2022, together with comparative figures of the last financial year in 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	Notes	**2022** *HK$'000*	2021 *HK$'000*
REVENUE	*5*	**3,361,325**	5,094,079
Cost of sales		**(2,699,447)**	(4,281,566)
Gross profit		**661,878**	812,513
Other income and gains, net	*5*	**7,928**	12,019
Selling and distribution expenses		**(22,179)**	(29,023)
Administrative expenses		**(377,739)**	(408,643)
Other expenses, net		**(154,541)**	(79,196)
Finance costs		**(232,814)**	(210,393)
Share of profits and losses of joint ventures		**(198,732)**	9,400
PROFIT/(LOSS) BEFORE TAX	*6*	**(316,199)**	106,677
Income tax credit/(expense)	*7*	**35,489**	(49,938)
PROFIT/(LOSS) FOR THE YEAR		**(280,710)**	56,739
Attributable to:			
Owners of the Company		**(316,852)**	45,689
Non-controlling interests		**36,142**	11,050
		(280,710)	56,739
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*9*		
Basic		**HK(11.78) cents**	HK1.72 cents
Diluted		**HK(11.78) cents**	HK1.72 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	2022	2021
	HK$'000	*HK$'000*
PROFIT/(LOSS) FOR THE YEAR	**(280,710)**	56,739
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Changes in fair value of hedging instruments arising during the year	**9,490**	(564)
Reclassification adjustments included in the consolidated statement of profit or loss	**(262)**	8,389
	9,228	7,825
Exchange differences on translation of foreign operations	**(24,950)**	(14,682)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(15,722)**	(6,857)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(296,432)**	49,882
Attributable to:		
Owners of the Company	**(332,574)**	38,832
Non-controlling interests	**36,142**	11,050
	(296,432)	49,882

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,463,736**	3,295,925
Right-of-use assets		**101,509**	116,611
Goodwill		**—**	81,489
Other intangible assets		**39,674**	89,317
Interests in joint ventures		**1,736,089**	1,746,121
Deposits and other receivables		**5,227**	40,542
Deferred tax assets		**15,070**	2,434
Total non-current assets		**4,361,305**	5,372,439
CURRENT ASSETS			
Inventories		**1,169,538**	1,262,964
Trade and bills receivables	*10*	**2,903,136**	2,677,289
Prepayments, deposits, other receivables and other assets		**310,743**	458,416
Derivative financial instruments		**7,857**	—
Tax recoverable		**1,425**	6,027
Restricted cash		**11,981**	71,098
Pledged deposits		**22,996**	38,725
Cash and cash equivalents		**122,347**	462,359
Total current assets		**4,550,023**	4,976,878
CURRENT LIABILITIES			
Trade and bills payables	*11*	**2,045,924**	2,118,265
Other payables and accruals		**409,732**	377,251
Contract liabilities		**227,539**	115,082
Derivative financial instruments		**2,361**	1,999
Senior notes		**—**	24,299
Interest-bearing bank and other borrowings		**2,921,234**	1,831,703
Lease liabilities		**14,764**	17,133
Tax payable		**6,353**	17,782
Provision for restoration		**3,523**	5,681
Total current liabilities		**5,631,430**	4,509,195
NET CURRENT ASSETS/(LIABILITIES)		**(1,081,407)**	467,683
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,279,898**	5,840,122

	Notes	**2022**	2021
		HK$'000	*HK$'000*
NON-CURRENT LIABILITIES			
Other payables		**40,738**	148,863
Senior notes		**—**	721,223
Interest-bearing bank and other borrowings		**—**	1,274,791
Lease liabilities		**88,061**	100,574
Provision for restoration		**2,960**	20,689
Deferred tax liabilities		**8,082**	41,535
Total non-current liabilities		**139,841**	2,307,675
Net assets		**3,140,057**	3,532,447
EQUITY			
Equity attributable to owners of the Company			
Share capital		**270,169**	270,169
Reserves		**2,869,235**	3,205,296
		3,139,404	3,475,465
Non-controlling interests		**653**	56,982
Total equity		**3,140,057**	3,532,447

NOTES:

1. CORPORATE INFORMATION

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

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

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

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") , accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value. The financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern basis

During the year ended 31 December 2022, the Group incurred a net loss of HK$280.7 million and the Group had net current liabilities of HK$1,081.4 million (2021: net current assets of HK$467.7 million) as at 31 December 2022. The current liabilities included (i) bank and other borrowings of HK$1,888.0 million repayable within 12 months from the end of the reporting period; (ii) reclassification of bank borrowings of HK$1,033.2 million which were originally repayable after 12 months from the end of the reporting period, as the Group did not meet certain financial covenants of the relevant bank borrowings as at 31 December 2022; and (iii) trade and other payables due to a sub-contractor which is also a joint venture partner of one of the Group's joint ventures (the "**Sub-contractor**") of HK$1,751.5 million, of which an amount of HK$1,537.4 million was overdue as at 31 December 2022. The Group's cash and cash equivalents amounted to HK$122.3 million as at 31 December 2022. Subsequent to the end of the reporting period and as at the latest practicable date in ascertaining information for finalising the financial statements in April 2023, except for a bank borrowing amount of HK$89.0 million outstanding as at 31 December 2022, the Group has obtained waiver confirmations in writing from the relevant banks on its non-compliance with certain financial covenants, which are either valid for 12 months or in the opinion of the directors of the Company, will be extended by the relevant banks for at least the next 12 months. As a result, the management expects that these bank borrowings will be repayable in accordance with the original maturity dates as set out in the relevant loan agreements.

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

(i) actively negotiating with the existing banks on the terms and financial covenants of loan agreements and, where appropriate, obtaining waivers on the non-compliance with financial covenants under existing loan agreements;

(ii) communicating with banks on the renewal of existing bank borrowings and refinancing arrangements;

(iii) discussing with the Sub-contractor for the settlement terms of the overdue balances, including the extension for repayment;

(iv) implementing measures to speed up the collection of outstanding trade and other receivables;

(v) considering divestment of certain non-current assets; and

(vi) exploring other debt or equity financing arrangements.

The directors of the Company have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than 12 months from 31 December 2022. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the next 12 months from 31 December 2022. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

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

(a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "**Conceptual Framework**") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to HKFRSs 2018–2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendment that is applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments:* clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

4. OPERATING SEGMENT INFORMATION

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

(a) the system integration ("**SI**") segment designs, integrates, sells and installs engine-based electricity generation units; and

(b) the investment, building and operating ("**IBO**") segment designs, invests in, builds and operates distributed power generation stations to provide distributed power solutions.

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

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

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

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

Year ended 31 December 2022

	SI	IBO	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue:			
Sales to external customers	**1,945,437**	**1,415,888**	**3,361,325**
Intersegment sales	**11,383**	**—**	**11,383**
	1,956,820	**1,415,888**	**3,372,708**
Reconciliation:			
Elimination of intersegment sales			**(11,383)**
Revenue			**3,361,325**
Segment results	**146,872**	**(164,874)**	**(18,002)**
Reconciliation:			
Elimination of intersegment results			**(353)**
Bank interest income			**1,846**
Corporate and unallocated expenses, net			**(70,378)**
Finance costs (other than interest on lease liabilities)			**(229,312)**
Loss before tax			**(316,199)**
Segment assets	**3,853,241**	**3,988,437**	**7,841,678**
Reconciliation:			
Corporate and unallocated assets			**1,069,650**
Total assets			**8,911,328**
Segment liabilities	**2,282,857**	**539,641**	**2,822,498**
Reconciliation:			
Corporate and unallocated liabilities			**2,948,773**
Total liabilities			**5,771,271**

Year ended 31 December 2021

	SI *HK$'000*	IBO *HK$'000*	Total *HK$'000*
Segment revenue:			
Sales to external customers	3,665,925	1,428,154	5,094,079
Intersegment sales	1,175,730	—	1,175,730
	4,841,655	1,428,154	6,269,809
Reconciliation:			
Elimination of intersegment sales			(1,175,730)
Revenue			5,094,079
Segment results	328,312	87,214	415,526
Reconciliation:			
Elimination of intersegment results			(8,719)
Bank interest income			2,189
Corporate and unallocated expenses, net			(95,904)
Finance costs (other than interest on lease liabilities)			(206,415)
Profit before tax			106,677
Segment assets	3,664,694	5,221,009	8,885,703
Reconciliation:			
Corporate and unallocated assets			1,463,614
Total assets			10,349,317
Segment liabilities	2,307,248	585,102	2,892,350
Reconciliation:			
Corporate and unallocated liabilities			3,924,520
Total liabilities			6,816,870

Geographical information

(a) ***Revenue from external customers***

	2022	2021
	HK$'000	*HK$'000*
Hong Kong, Macau and Mainland China	**201,295**	1,510,317
Other Asian countries	**2,095,549**	2,518,218
Latin America	**974,814**	909,048
Other countries	**89,667**	156,496
	3,361,325	5,094,079

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

(b) ***Non-current assets***

	2022	2021
	HK$'000	*HK$'000*
Hong Kong and Mainland China	**1,667,677**	1,890,242
Other Asian countries	**1,862,740**	2,064,388
Latin America	**477,075**	1,149,010
Other countries	**336,448**	264,243
	4,343,940	5,367,883

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

Information about major customers

Revenue from external customers contributing over 10% of the total revenue of the Group is as follows:

	2022	2021
	HK$'000	*HK$'000*
Customer A^	**1,202,691**	1,434,703
Customer B#	**691,398**	N/A*
Customer C^	**N/A***	1,171,289
Customer D^	**N/A***	513,976

* Nil or less than 10% of revenue

^ Reported in the SI segment

\# Reported in the IBO segment

5. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

For the year ended 31 December 2022

Segments	**SI**	**IBO**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Total revenue from contracts with customers	**1,945,437**	**1,415,888**	**3,361,325**

For the year ended 31 December 2021

Segments	SI	IBO	Total
	HK$'000	*HK$'000*	*HK$'000*
Total revenue from contracts with customers	3,665,925	1,428,154	5,094,079

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

	2022	2021
	HK$'000	*HK$'000*
Bank interest income	**1,846**	2,189
Government grants*	**934**	1,678
Sales deposit forfeited	**1,166**	—
Gain on disposal of items of property, plant and equipment, net	**—**	2,120
Gain on disposal of an investment property	**—**	2,780
Gain on deconsolidation of subsidiaries	**2,189**	—
Others	**1,793**	3,252
	7,928	12,019

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

6. PROFIT/(LOSS) BEFORE TAX

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

	2022	2021
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment*	**254,820**	308,264
Depreciation of right-of-use assets	**17,005**	18,208
Amortisation of intangible assets	**1,439**	2,878
Equity-settled share-based payment expense	**800**	17,100
Fair value losses on derivative financial instruments#	**1,749**	658
Foreign exchange differences, net#	**58,989**	35,065
Impairment of property, plant and equipment#	**9,805**	—
Impairment of trade receivables, net#	**75,519**	30,618
Loss/(gain) on disposal of items of property, plant and equipment, net	**2,734**#	(2,120)
Write-down of inventories to net realisable value#	**4,325**	4,481
Reversal of write-down of inventories to net realisable value*	**(8,250)**	(1,602)

* The cost of sales for the year included depreciation charges of HK$167,857,000 (2021: HK$216,782,000) and reversal of write-down of inventories to net realisable value of HK$8,250,000 (2021: HK$1,602,000).

Included in "Other expenses, net" in the consolidated statement of profit or loss.

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2021: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2022	2021
	HK$'000	*HK$'000*
Current — Hong Kong		
Charge for the year	**1,791**	16,838
Overprovision in prior years	**(2,731)**	(1,288)
Current — Elsewhere		
Charge for the year	**21,719**	17,614
Underprovision/(overprovision) in prior years	**(419)**	1,121
Deferred	**(55,849)**	15,653
Total tax charge/(credit) for the year	**(35,489)**	49,938

8. DIVIDENDS

During the year ended 31 December 2021, the Company recognised the distribution of a final dividend of HK3.45 cents (with a scrip dividend alternative) per ordinary share for the year ended 31 December 2020 for an original total amount of HK$91,319,000. After deducting the dividend for shares held under the share award scheme of HK$340,000, the total dividend recognised amounted to HK$90,979,000.

During the year ended 31 December 2021, the Company also recognised the distribution of an interim dividend of HK0.75 cent (with a scrip dividend alternative) per ordinary share for the six months ended 30 June 2021 for an original total amount of HK$20,185,000. After deducting the dividend for shares held under the share award scheme of HK$71,000, the total dividend recognised amounted to HK$20,114,000.

The board of directors of the Company does not recommend the payment of a final dividend in respect of the year ended 31 December 2022 (2021: Nil).

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amount is based on the loss for the year attributable to ordinary equity holders of the Company of HK$316,852,000 (2021: profit of HK$45,689,000), and the weighted average number of ordinary shares of 2,690,427,000 (2021: 2,655,191,000) in issue during the year, as adjusted to exclude the shares held under the share award scheme.

The weighted average number of ordinary shares used in the calculation for the year ended 31 December 2021 have been adjusted to reflect the bonus element in respect of the scrip dividends distributed during the year ended 31 December 2021.

No adjustment has been made to the basic earnings/(loss) per share amount presented for the years ended 31 December 2022 and 2021 in respect of a dilution as the impact of the share options outstanding had no dilutive effect on the basic earnings/(loss) per share amount presented.

10. TRADE AND BILLS RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Trade and bills receivables	**3,000,738**	2,716,989
Impairment	**(97,602)**	(39,700)
	2,903,136	2,677,289

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

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

	2022	2021
	HK$'000	*HK$'000*
Within 90 days	**566,405**	2,152,870
91 to 180 days	**152,765**	84,336
181 to 360 days	**328,209**	214,339
Over 360 days	**1,855,757**	225,744
	2,903,136	2,677,289

11. TRADE AND BILLS PAYABLES

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

	2022	2021
	HK$'000	*HK$'000*
Within 90 days	**164,962**	1,893,810
91 to 180 days	**127,878**	96,251
181 to 360 days	**157,291**	112,710
Over 360 days	**1,595,793**	15,494
	2,045,924	2,118,265

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

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 December 2022.

Opinion (Extract)

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRSs issued by the HKICPA and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of Matter

We draw attention to note 2.1 to the consolidated financial statements, which indicates that the Group incurred a net loss of HK$280.7 million during the year ended 31 December 2022 and, as of that date, the Group had net current liabilities of HK$1,081.4 million. These conditions, along with other matters as set forth in note 2.1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

Market Review

In 2022, global economic activity experienced a broad-based slowdown. With inflation hitting multi-decade high, central banks of major developed economies were prompted to raise interest rates consecutively which exacerbated the cost pressure on all industries to varying degrees. Persistent geopolitical conflicts and the lingering COVID-19 pandemic also weighed heavily on the overall economy. Meanwhile, the Ukrainian crisis and frequent occurrence of extreme weather intensified the competition for liquefied natural gas and caused significant fluctuations in international oil and gas prices.

The global energy security and development were endangered by the turbulent challenges of the overlapping political turmoil, sluggish economic recovery, and supply-demand imbalances. It was described as the "first truly global energy crisis" by the International Energy Agency. To confront the crisis, many governments resolutely implemented long-term solutions such as diversifying oil and gas supplies and accelerating structural changes, in addition to the short-term measures including temporarily reactivating coal-fired power plants and providing economic subsidies.

Renewable energy remained at the heart of energy investment of 2022, expecting an annual global investment reaching US$500 billion according to market analysis. A significant increase in the worldwide installed renewable energy capacity was seen, with China adding 152 gigawatts capacity. The rapid development of renewable energy sector not only laid a strong foundation for energy transition, but also drove the demand for engine-based electricity generation units in support of the vulnerabilities of renewable energy.

Business Review

Against the backdrop of a challenging macro-environment of 2022, the Group, with no exception, suffered from the mounting inflation and surging interest rates which resulted in a notable increase in operating costs. Together with an effort to tighten cost control for a stable gross profit margin, the Group refined the organisational structure and enhanced the administrative expense management. Various strategies were also adopted throughout the year to maintain the stability of our core business and facilitate the development of sustainable energy solutions.

The political situation and international relations of Myanmar, being one of the regions where the Group operates, had not changed much since 2021. The local business environment continued to be difficult in the context of multiple overwhelming issues such as inadequate foreign exchange reserves, ongoing depletion of natural resources and foreign divestment. Despite facing multifaceted challenges, the Group endeavoured to perform our contractual obligations and honour the commitment to providing electricity to customers.

System Integration ("SI") Business

The Group recorded revenue from SI business of approximately HK$1,945.4 million for the year ended 31 December 2022 (2021: HK$3,665.9 million), representing a year-on-year decrease of 46.9%. Given the fact that the 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. Yet, owing to a significantly less contribution from construction services with a noticeably lower gross profit margin, the segment margin improved from 11.0% to 14.6%.

In view of a growing market demand for low-carbon energy solutions amidst energy transition, the Group actively expanded the sales network for biogas and waste heat to power systems throughout the year and commenced research and development on battery energy storage systems in order to diversify the low-carbon product offerings to customers. It was seen that engine-based electricity generation units remained a main source of reliable power in various applications. The customers of our SI business for the year were from different industries including equipment rental, data centres, telecommunication, power generation, and real estate.

Investment, Building and Operating ("IBO") Business

Revenue and gross profit from IBO business for the year ended 31 December 2022 were approximately HK$1,415.9 million (2021: HK$1,428.2 million) and approximately HK$377.4 million (2021: HK$408.1 million) respectively, representing a respective year-on-year decrease of 0.9% and 7.5%. Starting from the end of June 2022, the project companies owning and operating the 79.8MW power project in Peru were reclassified as joint venture companies from subsidiaries. The financial performance of this project would no longer be consolidated in the Group's consolidated statement of profit or loss, resulting in corresponding year-on-year decreases in revenue, cost of sales and gross profit of IBO business.

Other than that, there was no significant adverse impact on the Group's IBO business caused by the challenges of increasing costs and supply chain bottlenecks. In general cases, off-takers of our power projects supply our operations with fuel or otherwise bear the ultimate fuel costs. As a result, the project gross profit would not be hit directly by the rising fuel costs globally.

The Group actively works on strategising the asset portfolio mix and geographical distribution of our IBO business for the future so as to mitigate the impacts from the structural change of a single market and geopolitical tensions. During the year, we collaborated with an oil and gas exploration and development company in Guatemala to develop our first flare gas to power project locally. Flare gas is associated with exploration of gas and oil fields. Flaring of associated gas may cause severe environmental pollution while using associated gas as the fuel for power generation not only reduces carbon emissions but also achieves better resource utilisation. Furthermore, in consideration of the current situation of Myanmar and our own development plan, the Group did not renew the contracts of several power projects in the country after contract expiry.

Significant Investments

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

CNTIC VPower owns and operates three power projects, namely the Thaketa, Thanlyin and Kyauk Phyu III projects (collectively the “**Myanmar Joint Venture Projects**”).

Since the changes in overall political, economic, and social environment in Myanmar in the beginning of 2021, CNTIC VPower has been facing complex operating challenges. In spite of working arduously to control operating costs, it was affected by the local economic turbulence, declining foreign currency reserve and currency depreciation. Owing to a significantly less-than-expected generation and income from Myanmar Joint Venture Projects and despite a positive EBITDA, CNTIC VPower recorded an operating loss for the year ended 31 December 2022, HK$200.6 million of which was booked as a share of loss to the Group. As at 31 December 2022, our total investment cost in CNTIC VPower was approximately HK$700.4 million; its carrying value was approximately HK$716.2 million, representing approximately 8.0% of the Group’s total assets.

At the time of a complicated political landscape, the international community expects constructive dialogue to take place domestically and diplomatically in order to resolve the economic and social problems facing Myanmar. A relentless macro-economic situation may continue to affect the operations of CNTIC VPower. It is expected that backed by the unwavering support from shareholders, CNTIC VPower will continue its close communication with related parties, accelerate the discussion for a feasible solution and formulate a redeployment plan.

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

We have 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 investment portfolio of the Fund remained the same as disclosed in the annual report of 2019. For the year ended 31 December 2022, the Group recorded a share of profit of approximately HK$1.1 million. As at 31 December 2022, our total investment cost in the Fund was approximately HK$814.9 million; and its carrying value was approximately HK$839.2 million, representing around 9.4% of the Group’s total assets.

Power Project Portfolio

The following table shows the power projects of the Group[1] as of 31 December 2022:

	Our equity interest	**Gross capacity** *(MW)*[2]	**Contract length** *(Months)*[3]
Indonesia			
Teluk Lembu I	100%	20.3	6
Teluk Lembu II	100%	65.8	6
Rengat	100%	20.3	12
Muko	100%	6.5	12
Palu	100%	8.8	36
Maluku[4]	100%	13.6	12
Dumai[5]	100%	18.7	180
Batam[5]	100%	56.4	60
Myanmar			
Myingyan I[6]	100%	149.8	6
Myingyan II	100%	109.7	60
Yangon	100%	4.7	48
Kyun Chaung	100%	23.2	24
Brazil			
Amazonas State	100%	70.3	60-180
China			
Shandong	100%	14.4	180
Guatemala			
Peten	55%	18.5	240
United Kingdom			
Doncaster	100%	20.3	180
Other projects[5]	100%	132.0	180
Joint Venture Projects			
Thaketa, Myanmar	50%	477.1	60
Thanlyin, Myanmar	50%	410.2	60
Kyauk Phyu III, Myanmar	50%	172.2	60
Iquitos, Peru	51%[7]	79.8	240
Total		1,892.6	

Notes:

(1) It includes the capacity of projects in operation, in trial operation, under contract renewal and under construction. Two of the Myanmar Joint Venture Projects have been temporarily suspended for power generation.

(2) Gross capacity refers to the maximum power generating capacity of the distributed power station based on an aggregate capacity of power generation systems.

(3) Contract length refers to the term of the contract in respect of the distributed power projects.

(4) It had not commenced operation as of 31 December 2022, but is in operation as of this announcement date.

(5) None of these projects has commenced operation as of this announcement date.

(6) Its contract has expired as of this announcement date.

(7) It has been reclassified as a joint venture project after the deconsolidation of the project company as subsidiary.

OUTLOOK

Headwinds of an evolving political and economic landscape carried into 2023 from the past year have continued to reshape the energy industry. Energy security, low carbon energy transition, and energy diversity have emerged as common concerns globally. Clean energy investment has become a crucial strategy for countries to enhance their energy resilience and achieve net-zero targets. Taking China as an example, the National Development and Reform Commission and the National Energy Administration jointly issued opinions on improving the institutional mechanisms and policy measures for the transition towards green and low-carbon energy in February 2022. They urged regional governments and enterprises to take prompt actions including promoting clean and low carbon energy as the primary component of the energy supply system, improving the infrastructure and operation mechanism of flexible power, and enhancing the demand response mechanism of electricity. Backed by national policies, it is expected that the development of clean energy will accelerate with tremendous market opportunities in the future.

Along with the extensive development of renewable energy and the growing maturity of electricity trading market, natural gas and other low-carbon gaseous fuels (such as biogas and hydrogen) have been recognised as indispensable source of peak-shaving and reserve power. There is also a growing attention on decentralised energy and the technological integration of low carbon fuels with renewable energy. As an experienced decentralised energy provider, the Group fully acknowledges its advantages of strong resilience in energy supply, flexible and reliable redeployment, and high energy efficiency, and has been promoting the use of decentralised energy in different applications. To keep up with market developments and seize opportunities, the Group continues to improve the energy efficiency of our distributed power generation solutions, such as by introducing waste heat to power systems. Leveraging on our years of experience in natural gas and biogas decentralised power generation, the Group is progressively expanding into the associated gas and hydrogen power generation markets.

During the year, the Group stepped into the market of associated gas from oil and gas fields by developing the Group's first associated gas-fired power project jointly with a partner in South America. The project is currently under construction. Upon its completion expectedly within this year, it will be connected to the grid for power generation. Flaring of associated gas emits a significant amount of methane which intensifies global warming. It is estimated that global gas flaring volume fell by around 3% to approximately 139 billion cubic metres in 2022 under the concerted efforts of international organisations and oil and gas companies. Still, it remains at an unwantedly high level. Utilising associated gas for power generation is a key solution to end the wasteful and polluting flaring. Following the successful commencement of operation of the Group's first associated gas to power project, the Group will further advance into this market.

Our prioritised short-term goal is to increase our power asset utilisation rate. Through asset redeployment plans and implementation of new projects, the Group aims to optimise the asset portfolio and boost profitability. In contrast to our previous geographical concentration in Southeast Asia, the Group has established market presence in the South American market in recent years and delivered satisfactory performance. In particular, huge business potentials in Brazil is seen. As the largest country in South America, Brazil has commercialised the electricity market with a centralised dispatch system and a free trading mechanism which is known for its maturity and transparency. Bringing together our long-standing practical experience in the country, a local management team, and a fleet of efficient gen-sets, the Group is confident in further expanding our market share locally by strengthening project development and implementing new projects in due course.

The macro-economic fluctuations may exert pressure on the Group's short-term financial and operational performance but have no impact on the execution of our strategies. Our management will continue to move towards the Group's long-term strategic objectives through forward-looking development strategies and efficient execution. In the face of uncertainty and in order to thoroughly consolidate the fundamentals of the Group and reinforce our risk response, the Group will continue to enhance internal management efficiency, bolster corporate governance, and also improve talent nurturing and management. Noting the cost impact brought by inflation and persistent high interest rates, the Group will continue to strengthen the procurement and inventory management to accelerate inventory turnover, also further control capital expenditures and optimise debt structure. At the same time, the Group will continue to explore other capital and financing arrangements to develop a healthier financial position.

Financial Review

Revenue

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

	Year ended 31 December	
	2022	2021
	HK$'000	*HK$'000*
SI	**1,945,437**	3,665,925
IBO	**1,415,888**	1,428,154
Total	**3,361,325**	5,094,079

In 2022, the Group recorded a revenue of approximately HK$3,361.3 million, representing a decrease of 34.0% as compared with approximately HK$5,094.1 million of the previous year. The decrease in revenue was mainly due to the reduced revenue from SI business segment. Please refer to the paragraph headed "Business Review".

Revenue by geographical locations

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

	Year ended 31 December			
	2022		2021	
	HK$'000	***% of total revenue***	*HK$'000*	*% of total revenue*
Hong Kong, Macau and Mainland China	**174,127**	**5.2**	1,481,445	29.1
Other Asian countries[1]	**1,724,137**	**51.3**	2,049,370	40.2
Other countries	**47,173**	**1.4**	135,110	2.7
Total	**1,945,437**	**57.9**	3,665,925	72.0

Note:

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

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

	Year ended 31 December			
	2022		2021	
	HK$'000	***% of total revenue***	*HK$'000*	*% of total revenue*
Brazil[1]	**691,398**	**20.5**	424,397	8.3
Myanmar	**328,765**	**9.8**	381,983	7.5
Peru[1]	**283,416**	**8.4**	484,651	9.5
Indonesia	**42,647**	**1.3**	68,343	1.3
United Kingdom	**42,494**	**1.3**	21,386	0.4
Mainland China	**27,168**	**0.8**	28,872	0.6
Sri Lanka	**—**	**—**	18,522	0.4
Total	**1,415,888**	**42.1**	1,428,154	28.0

Note:

(1) Revenue comprises amounts representing fuel cost expensed for off-takers.

Cost of sales

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

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

For the years ended 31 December 2022 and 2021, our costs of sales were HK$2,699.4 million and HK$4,281.6 million, respectively. The decrease was due to the decrease in revenue from SI business hence its corresponding cost of sales.

Gross profit and gross profit margin

	Year ended 31 December			
	2022		2021	
	HK$'000	***gross profit margin %***	*HK$'000*	*gross profit margin %*
SI	**284,499**	**14.6**	404,474	11.0
IBO	**377,379**	**26.7**	408,039	28.6
Total	**661,878**	**19.7**	812,513	16.0

Gross profit of the Group was approximately HK$661.9 million, representing a decrease of HK$150.6 million as compared with approximately HK$812.5 million of the previous year. Gross profit margin increased to 19.7% from 16.0% in 2021 which was mainly attributable to a less contribution of construction services revenue in SI business which has low gross profit margin.

Profit/(loss) before tax

For the year ended 31 December 2022, the Group recorded a loss of approximately HK$316.2 million as compared with a profit of HK$106.7 million of the previous year. It was mainly due to a share of loss from joint venture with operations and investments in Myanmar which contributed share of profits to the Group in 2021.

Other income and gains, net

In 2022, other income and gains, net of the Group amounted to approximately HK$7.9 million, representing a decrease of 34.2% as compared with approximately HK$12.0 million of the previous year. The decrease was mainly attributable to a gain on disposal of an investment property recognised during the year ended 31 December 2021 which did not exist in the year ended 31 December 2022.

Selling and distribution expenses

Selling and distribution expenses of the Group primarily consist of costs for transportation and traveling expenses, commission expense, insurance expense, staff costs and others. In 2022, selling and distribution expenses of the Group decreased by 23.4% from approximately HK$29.0 million in 2021 to HK$22.2 million.

Administrative expenses

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

In 2022, administrative expenses of the Group were approximately HK$377.7 million, representing a decrease of 7.6% as compared with approximately HK$408.6 million of the previous years. The decrease was mainly due to a decrease in staff costs and insurance expenses.

Other expenses, net

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

In 2022, other expenses, net were approximately HK$154.5 million, which represented an increase of 95.1% over the previous year of approximately HK$79.2 million. The increase was mainly attributable to an increase in foreign exchange loss emerged from operation in Myanmar and an increase in impairment of trade receivables.

Finance costs

Finance costs of the Group primarily consist of interest and other finance costs on letters of credit, bank loans and overdrafts, notional interest on other payables and interest on lease liabilities and other borrowings. In 2022, finance costs were approximately HK$232.8 million, which represented an increase of 10.6% as compared with the previous year of approximately HK$210.4 million. The increase was primarily due to an increase in average borrowing interest rate despite a decrease in total interest-bearing bank borrowings.

Income tax credit/(expenses)

Income tax credit/expense of the Group primarily consists of income tax recoverable/payable by our subsidiaries in the People's Republic of China, Hong Kong, Brazil and Peru. In 2022, income tax credit was approximately HK$35.5 million, as compared with the income tax expense of approximately HK$49.9 million in the previous year, and our effective tax rate was 11.2% and 46.8% for 2022 and 2021, respectively.

Profit/(Loss) Attributable to Owners and Earnings/(Loss) per Share

In 2022, loss attributable to owners of the Company was approximately HK$316.9 million, as compared with profit attributable to owners of the Company of approximately HK$45.7 million of the previous year.

Basic loss per share for the year ended 31 December 2022 was HK11.78 cents as compared with basic earnings per share of HK1.72 cents of the previous year.

Liquidity, Financial and Capital Resources

As at 31 December 2022, total current assets to the Group amounted to HK$4,550.0 million (2021: HK$4,976.9 million). In terms of financial resources as at 31 December 2022, cash and cash equivalents of the Group were HK$122.3 million (2021: HK$462.4 million).

As at 31 December 2022, total bank and other borrowings of the Group amounted to approximately HK$2,921.2 million (2021: HK$3,852.0 million which included senior notes), representing a decrease of approximately 24.2% as compared to that of 31 December 2021. The Group's bank and other borrowings include short-term loans with one-year maturity and term loans with maturity within two years. As at 31 December 2022, the Group's bank and other borrowings were denominated in:

	2022	2021
	HK$'000	*HK$'000*
U.S. dollars	**2,572.6**	3,619.2
HK dollars	**166.3**	145.7
Brazilian Real ("**BRL**")	**129.8**	48.3
Euro	**32.7**	9.8
Renminbi ("**RMB**")	**12.2**	6.5
Great British Pound ("**GBP**")	**7.6**	9.4
Peruvian Sol ("**PEN**")	**—**	13.1
	2,921.2	3,852.0

During the year, the Group increased the final size of a sustainability-linked syndicated term loan by HK$140 million to US$205 million. The decrease in total bank and other borrowings and senior notes as well as cash and cash equivalents was mainly due to the deconsolidation of subsidiaries and the repayment of certain bank borrowings.

As at 31 December 2022, the Group's current ratio was 0.8 (2021: 1.1). The Group's liabilities to assets ratio was 64.8% (2021: 65.9%). The Group's net gearing ratio was approximately 88.0% (2021: 92.8%).

Charge of Assets

As at 31 December 2022, certain of the Group's inventories with a net book value of approximately HK$310.3 million, property, plant and equipment with a net book value of approximately HK$74.3 million, pledged deposit of HK$23.0 million and equity interest of the Group in a subsidiary were charged for securing the Group's interest-bearing bank and other borrowings and the equity interest of the Group in Genrent del Peru S.A.C. was charged for securing its senior notes. As at 31 December 2021, (i) certain of the Group's property, plant and equipment with a net book value of approximately HK$763.3 million; (ii) the equity interest of the Group in Genrent del Peru S.A.C.; (iii) restricted cash of HK$61.2 million; and (iv) pledged deposit of HK$38.7 million were charged for securing the Group's senior notes and interest-bearing bank and other borrowings.

Exposure on Foreign Exchange Fluctuations

The Group's revenue and payments are mainly in U.S. dollars, Euro, RMB, GBP, PEN, Myanmar Kyat ("**MMK**"), BRL, Indonesian Rupiah ("**IDR**"), United Arab Emirates Dirham ("**AED**") and Sri Lankan Rupee ("**LKR**"). The impact of such difference would translate into our exposure to any particular currency fluctuations during the period. The Group has a hedging policy to manage such risks and costs associated with currency fluctuations.

The Group is exposed to foreign exchange risk through sales and purchases that are denominated in currencies other than the functional currency of the respective operations, which are primarily Euro, BRL, IDR, RMB, MMK, PEN, AED and GBP. A majority of the Group's purchases are either in Euro or U.S. dollar. During the year ended 31 December 2022, the Group entered into currency forward contracts to manage its partial foreign exchange exposure against Euro appreciation. The Group will closely follow the hedging policy and monitor its overall foreign exchange exposure from time to time to minimise the relevant exposures.

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

Contingent Liabilities

As at 31 December 2022, the Group had no contingent liabilities.

Capital Expenditures

For the year ended 31 December 2022, the Group invested approximately HK$156.8 million (2021: HK$107.3 million) in property, plant and equipment of which HK$156.6 million (2021: HK$106.1 million) was for IBO projects.

TREASURY POLICY

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

EMPLOYEES

As at 31 December 2022, the Group had 400 employees (2021: 580). The decrease in the number of employees was mainly due to the deconsolidation of two subsidiaries, employees of which were no longer classified as employees of the Group. The Group remunerates its employees based on their performance, experience and prevailing industry practice; and grants bonus in cash and shares of the Company to motivate valued employees. In 2022, the 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 our employees.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: Nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement to attend the forthcoming annual general meeting of the Company scheduled to be held on Monday, 5 June 2023 (the "**2023 AGM**"), the register of members of the Company will be closed during the period from Wednesday, 31 May 2023 to Monday, 5 June 2023 (both days inclusive), during which period no transfer of share(s) of the Company will be effected. In order to qualify for attending and voting at the 2023 AGM, 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 not later than 4:30 p.m. on Tuesday, 30 May 2023.

CORPORATE GOVERNANCE

During the year ended 31 December 2022, the Company had complied with the applicable code provisions of the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), except for the following deviation:

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors of the Company, the

Company was not aware of any non-compliance with the required standard set out in the Model Code regarding securities transactions by the directors of the Company during the year ended 31 December 2022.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF ACCOUNTS

The audit committee of the Company has reviewed, among other things, the accounting principles and practices adopted by the Group, internal controls, risk management, auditing and financial reporting matters and the consolidated annual results of the Group for the year ended 31 December 2022 contained in this announcement.

SCOPE OF WORK OF THE COMPANY'S AUDITOR IN RESPECT OF THIS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Company's auditor to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on this announcement.

PUBLICATION OF 2022 FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website at www.vpower.com under "Investors" and the HKEXnews at www.hkexnews.hk under "Listed Company Information". It is expected that the 2022 Annual Report will be despatched to shareholders of the Company and published on the aforesaid websites before end of April 2023.

RESUMPTION OF TRADING

At the request of the Company, trading in its shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 3 April 2023, pending the release of the consolidated annual results of the Group for the year ended 31 December 2022 contained in this announcement. Application has been made to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 20 April 2023.

ANNUAL GENERAL MEETING

The 2023 AGM of the Company is scheduled to be held on Monday, 5 June 2023. Notice of the 2023 AGM will be published on the websites of both the Stock Exchange and the Company and despatched to the Company's shareholders in due course.

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

Hong Kong, 19 April 2023

As at the date hereof, the Board comprises Mr. Lam Yee Chun, Mr. Lee Chong Man Jason and Mr. Lo Siu Yuen as executive directors; Ms. Chan Mei Wan and Mr. Wong Kwok Yiu as non-executive directors; and Mr. David Tsoi, Mr. Yeung Wai Fai Andrew and Mr. Suen Wai Yu as independent non-executive directors.