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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

HIGHLIGHTS

- Revenue slightly decreased 2.4% to HK\$2,001.0 million. Among which, revenue from SI business was HK\$1,304.5 million and revenue from IBO business was HK\$696.5 million.
- Gross profit decreased 14.4% to HK\$419.0 million.
- EBITDA decreased 13.1% to HK\$496.3 million.
- Profit attributable to the owners of the Company decreased 24.8% to HK\$198.0 million.
- The Board declared an interim dividend of HK0.75 cents per share.
- The Group has set a long-term target to achieve carbon neutrality by 2050 in support of the development of a zero-carbon future.

The board of directors (the “**Board**”) of VPower Group International Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2021, together with comparative figures of the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
REVENUE	4	2,001,038	2,050,318
Cost of sales		<u>(1,582,009)</u>	<u>(1,561,013)</u>
Gross profit		419,029	489,305
Other income and gains	4	9,272	88,247
Selling and distribution expenses		(10,834)	(17,798)
Administrative expenses		(198,178)	(167,731)
Other expenses, net		(2,015)	(1,000)
Finance costs		(102,389)	(107,647)
Share of profits or losses from joint ventures		<u>112,891</u>	<u>23,329</u>
PROFIT BEFORE TAX	5	227,776	306,705
Income tax	6	<u>(24,309)</u>	<u>(41,165)</u>
PROFIT FOR THE PERIOD		<u>203,467</u>	<u>265,540</u>
Attributable to:			
Owners of the Company		198,017	263,336
Non-controlling interests		<u>5,450</u>	<u>2,204</u>
		<u>203,467</u>	<u>265,540</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		<u>HK7.53 cents</u>	<u>HK10.32 cents</u>
Diluted		<u>HK7.53 cents</u>	<u>HK10.32 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	203,467	265,540
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Changes in fair value of hedging instruments arising during the period	(126)	(15,685)
Reclassification adjustments included in the consolidated statement of profit or loss	4,490	1,541
	<u>4,364</u>	<u>(14,144)</u>
Exchange differences on translation of foreign operations	<u>8,190</u>	<u>(112,021)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	<u>12,554</u>	<u>(126,165)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>216,021</u>	<u>139,375</u>
Attributable to:		
Owners of the Company	210,571	137,171
Non-controlling interests	<u>5,450</u>	<u>2,204</u>
	<u>216,021</u>	<u>139,375</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		30 June 2021	31 December 2020
		(Unaudited)	(Audited)
	<i>Notes</i>	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	3,462,948	3,719,950
Investment property		23,700	23,700
Right-of-use assets		92,171	61,602
Goodwill		81,489	81,489
Other intangible assets		91,461	92,362
Interests in joint ventures		1,848,049	1,754,748
Deposits and other receivables		38,330	44,410
Deferred tax assets		2,822	4,750
		<u>5,640,970</u>	<u>5,783,011</u>
TOTAL non-current assets			
CURRENT ASSETS			
Inventories		1,223,900	1,179,771
Trade and bills receivables	10	788,766	618,641
Prepayments, deposits, other receivables and other assets		763,804	462,671
Tax recoverable		6,574	5,065
Restricted cash		66,156	66,594
Pledged deposits		23,283	37,126
Cash and cash equivalents		655,994	978,182
		<u>3,528,477</u>	<u>3,348,050</u>
TOTAL current assets			
CURRENT LIABILITIES			
Trade and bills payables	11	715,024	802,006
Other payables and accruals		421,827	324,122
Contract liabilities		153,343	875,322
Derivative financial instruments		5,181	9,196
Senior notes		22,441	21,978
Interest-bearing bank and other borrowings		1,453,033	1,138,282
Lease liabilities		13,564	7,657
Tax payable		21,964	10,820
Provision for restoration		5,681	6,123
		<u>2,812,058</u>	<u>3,195,506</u>
TOTAL current liabilities			
NET CURRENT ASSETS		<u>716,419</u>	<u>152,544</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,357,389</u>	<u>5,935,555</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2021

		30 June 2021	31 December 2020
		(Unaudited)	(Audited)
	<i>Notes</i>	HK\$'000	HK\$'000
NON-CURRENT LIABILITIES			
Trade payables	<i>11</i>	5,770	42,733
Other payables		217,415	281,123
Senior notes		733,658	745,523
Interest-bearing bank and other borrowings		1,652,134	1,283,141
Lease liabilities		77,070	53,246
Provision for restoration		19,562	20,187
Deferred tax liabilities		28,490	28,114
		<u>2,734,099</u>	<u>2,454,067</u>
Total non-current liabilities		<u>2,734,099</u>	<u>2,454,067</u>
Net assets		<u>3,623,290</u>	<u>3,481,488</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>12</i>	264,692	264,692
Reserves		3,307,216	3,170,864
		<u>3,571,908</u>	3,435,556
Non-controlling interests		<u>51,382</u>	45,932
Total equity		<u>3,623,290</u>	<u>3,481,488</u>

NOTES:

1. CORPORATE AND GROUP INFORMATION

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

During the six months ended 30 June 2021, 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, investment in, building and operation of distributed power generation stations.

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2021 have been prepared in accordance with the Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2020.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, *Interest Rate Benchmark Reform — Phase 2*
HKFRS 4 and HKFRS 16

Amendments to HKFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021*
(early adopted)

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses

that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate and the London Interbank Offered Rate as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the period ended 30 June 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the COVID-19 pandemic. The amendments did not have any impact on the financial position or performance of the Group as the Group does not have any rent concessions arising as a direct consequence of the COVID-19 pandemic.

3. OPERATING SEGMENT INFORMATION

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

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit 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, amounts due from related companies, 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.

For the six months ended 30 June 2021 (unaudited)

	SI HK\$'000	IBO HK\$'000	Total HK\$'000
Segment revenue:			
Sales to external customers	1,304,530	696,508	2,001,038
Intersegment sales	<u>386,885</u>	<u>—</u>	<u>386,885</u>
	1,691,415	696,508	2,387,923
<i>Reconciliation:</i>			
Elimination of intersegment sales			<u>(386,885)</u>
Revenue			<u><u>2,001,038</u></u>
Segment results	158,966	240,080	399,046
<i>Reconciliation:</i>			
Elimination of intersegment results			(8,161)
Bank interest income			1,157
Corporate and unallocated expenses, net			(61,877)
Finance costs			<u>(102,389)</u>
Profit before tax			<u><u>227,776</u></u>
Segment assets	1,773,962	5,768,882	7,542,844
<i>Reconciliation:</i>			
Corporate and unallocated assets			<u>1,626,603</u>
Total assets			<u><u>9,169,447</u></u>
Segment liabilities	889,291	636,716	1,526,007
<i>Reconciliation:</i>			
Corporate and unallocated liabilities			<u>4,020,150</u>
Total liabilities			<u><u>5,546,157</u></u>

For the six months ended 30 June 2020 (unaudited)

	SI HK\$'000	IBO HK\$'000	Total HK\$'000
Segment revenue:			
Sales to external customers	1,409,235	641,083	2,050,318
Intersegment sales	<u>23,595</u>	<u>—</u>	<u>23,595</u>
	1,432,830	641,083	2,073,913
<i>Reconciliation:</i>			
Elimination of intersegment sales			<u>(23,595)</u>
Revenue			<u><u>2,050,318</u></u>
Segment results	214,396	223,052	437,448
<i>Reconciliation:</i>			
Elimination of intersegment results			(553)
Bank interest income			2,071
Corporate and unallocated expenses, net			(24,614)
Finance costs			<u>(107,647)</u>
Profit before tax			<u><u>306,705</u></u>
Year ended 31 December 2020 (audited)			
Segment assets	1,414,846	5,735,199	7,150,045
<i>Reconciliation:</i>			
Corporate and unallocated assets			<u>1,981,016</u>
Total assets			<u><u>9,131,061</u></u>
Segment liabilities	1,647,304	752,548	2,399,852
<i>Reconciliation:</i>			
Corporate and unallocated liabilities			<u>3,249,721</u>
Total liabilities			<u><u>5,649,573</u></u>

Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Hong Kong and Mainland China	498,915	662,025
Other Asian countries	1,047,786	1,064,526
Latin America	395,378	295,131
Other countries	58,959	28,636
	<u>2,001,038</u>	<u>2,050,318</u>

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

(b) Non-current assets

	As at 30 June 2021 (Unaudited) HK\$'000	As at 31 December 2020 (Audited) HK\$'000
	Hong Kong and Mainland China	2,024,360
Other Asian countries	2,165,865	2,463,802
Latin America	1,218,463	1,226,817
Other countries	229,460	205,460
	<u>5,638,148</u>	<u>5,777,506</u>

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

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

For the six months ended 30 June 2021 (unaudited)

Segments	SI HK\$'000	IBO HK\$'000	Total HK\$'000
Total revenue from contracts with customers	<u>1,304,530</u>	<u>696,508</u>	<u>2,001,038</u>

For the six months ended 30 June 2020 (unaudited)

Segments	SI HK\$'000	IBO HK\$'000	Total HK\$'000
Total revenue from contracts with customers	<u>1,409,235</u>	<u>641,083</u>	<u>2,050,318</u>

An analysis of other income and gains is as follows:

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Other income		
Bank interest income	1,157	2,071
Consultancy income	—	61,924
Government grants*	1,423	2,093
Others	<u>2,141</u>	<u>3,738</u>
	<u>4,721</u>	<u>69,826</u>
Gains		
Foreign exchange difference, net	4,551	131
Fair value gain on derivative financial instruments	—	4,731
Gain on disposal of items of property, plant and equipment, net	<u>—</u>	<u>13,559</u>
	<u>4,551</u>	<u>18,421</u>
	<u>9,272</u>	<u>88,247</u>

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

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment*	155,874	148,689
Depreciation of right-of-use assets	8,859	6,916
Amortisation of intangible assets	1,439	1,439
Loss on disposal of items of property, plant and equipment, net	1,666[#]	—
Fair value loss on an investment property [#]	—	1,000
Fair value loss on derivative financial instruments	349[#]	—
Equity-settled share-based payment expense	17,100	11,897

* The cost of sales for the period included depreciation charges of HK\$105,715,000 (six months ended 30 June 2020: HK\$123,728,000).

[#] Included in "Other expenses, net" in the unaudited condensed consolidated statement of profit or loss.

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rate regime. The first HK\$2,000,000 (six months ended 30 June 2020: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (six months ended 30 June 2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (six months ended 30 June 2020: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current — Hong Kong		
Charge for the period	8,066	28,783
Current — Elsewhere		
Charge for the period	15,756	17,030
Overprovision in prior periods	(1,786)	(3,833)
Deferred	2,273	(815)
Total tax charge for the period	24,309	41,165

7. DIVIDENDS

Six months ended 30 June	
2021	2020
HK\$'000	HK\$'000
(Unaudited)	(Unaudited)

Dividend recognised as distribution during the reporting period:

Final dividend for the year ended 31 December 2020:

HK3.45 cents (year ended 31 December 2019: HK2.20 cent)
per ordinary share

<u>91,319</u>	<u>56,370</u>
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Dividend declared after the end of the reporting period:

Interim dividend for the six months ended 30 June 2021:

HK0.75 cents (six months ended 30 June 2020: HK1.51 cent)
per ordinary share

<u>20,186</u>	<u>39,959</u>
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Declaration of the interim dividend of HK0.75 cents per ordinary share, with a scrip dividend alternative, in respect of the six months ended 30 June 2021 was approved by the board of directors on 27 August 2021. The interim dividend of HK1.51 cent per ordinary share in respect of the six months ended 30 June 2020 was approved by the board of directors on 25 August 2020.

The final dividend of HK3.45 cents per ordinary share, with a scrip dividend alternative, in respect of the year ended 31 December 2020 was approved by the Company's shareholders at the annual general meeting held on 11 June 2021. The final dividend of HK2.20 cent per ordinary share in respect of year ended 31 December 2019 was approved by the Company's shareholders at the annual general meeting held on 29 June 2020.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$198,017,000 (six months ended 30 June 2020: HK\$263,336,000) and the weighted average number of ordinary shares of 2,630,428,000 (six months ended 30 June 2020: 2,550,498,000) in issue during the period, as adjusted to exclude the shares held under the share award scheme.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$198,017,000 (six months ended 30 June 2020: HK\$263,336,000). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares of 2,630,428,000 (six months ended 30 June 2020: 2,550,498,000) in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares of 71,000 (six months ended 30 June 2020: 1,112,000) assumed to have been issued at no consideration on the deemed exercise of all share options into ordinary shares.

9. PROPERTY, PLANT AND EQUIPMENT

During the reporting period, the Group acquired property, plant and equipment of HK\$73,724,000 (six months ended 30 June 2020: HK\$179,563,000) and there was no write-off of property, plant and equipment (six months ended 30 June 2020: Nil).

10. TRADE AND BILLS RECEIVABLES

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Trade receivables	797,725	626,280
Bills receivables	60	1,380
Impairment	<u>(9,019)</u>	<u>(9,019)</u>
	<u>788,766</u>	<u>618,641</u>

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

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:

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Within 90 days	468,948	290,392
91 to 180 days	38,015	106,205
181 to 360 days	83,286	23,389
Over 360 days	<u>198,517</u>	<u>198,655</u>
	<u>788,766</u>	<u>618,641</u>

11. TRADE AND BILLS PAYABLES

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Trade and bills payables	720,794	844,739
Portion classified as current liabilities	<u>(715,024)</u>	<u>(802,006)</u>
Non-current portion	<u><u>5,770</u></u>	<u><u>42,733</u></u>

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:

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Within 90 days	482,588	441,428
91 to 180 days	107,396	170,986
181 to 360 days	113,315	213,980
Over 360 days	<u>17,495</u>	<u>18,345</u>
	<u><u>720,794</u></u>	<u><u>844,739</u></u>

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

12. SHARE CAPITAL

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Authorised: 5,000,000,000 ordinary shares of HK\$0.1 each	<u><u>500,000</u></u>	<u><u>500,000</u></u>
Issued and fully paid: 2,646,915,000 (2020: 2,646,915,000) ordinary shares of HK\$0.1 each	<u><u>264,692</u></u>	<u><u>264,692</u></u>

A summary of movements in the Company's issued share capital is as follows:

	<i>Notes</i>	Number of ordinary shares	Nominal value of ordinary shares <i>HK\$'000</i>
At 1 January 2020		2,562,284,000	256,228
Share options exercised	<i>(a)</i>	1,631,000	164
Issue of subscription shares	<i>(b)</i>	<u>83,000,000</u>	<u>8,300</u>
At 31 December 2020, at 1 January 2021 and at 30 June 2021		<u><u>2,646,915,000</u></u>	<u><u>264,692</u></u>

Notes:

- (a) Share options with rights to subscribe for 1,631,000 shares were exercised at the subscription price of HK\$2.016 per share, resulting in the issue of 1,631,000 ordinary shares of HK\$0.1 each for a total cash consideration, before expenses, of HK\$3,289,000. An amount of HK\$2,098,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options.
- (b) On 23 July 2020, 83,000,000 shares were allotted and issued at the subscription price of HK\$3.75 per share pursuant to a placing and subscription arrangement for a cash consideration, before expenses, of HK\$311,250,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In the first half of 2021, COVID-19 continued to threaten health and life of people around the world and the global economic recovery. The pandemic once caused a collapse in demand for oil and electricity, posing unprecedented challenges to the energy industry.

Meanwhile, extreme weather events and natural disasters became more frequent as a result of climate change. In response, many governments tightened their regulations on carbon emissions and actively promoted sustainable development programmes. At the virtual Leaders' Summit on Climate held in April 2021, countries including the United Kingdom, Japan, Canada and the United States announced more aggressive carbon reduction targets, while China reaffirmed its promise to reach peak emissions by 2030 and achieve carbon neutrality by 2060. The summit unquestionably encouraged the international community to work together in the fight against climate change, and would accelerate reshaping of the energy industry.

During this unusual and unstable period, we maintained the prevention and control measures against the pandemic as an ongoing usual practice. Safety and health of our employees and contractors remained at the heart of our concerns. In the meantime, we reviewed our business portfolio and fine-tuned the development strategies of the Group in response to climate change and energy transition.

Business Review

Thanks to the support from our employees, customers, suppliers, business partners and other stakeholders during these challenging times of the COVID-19 pandemic, we managed to maintain a stable and smooth operation. Despite the impact of the pandemic on the progress of our new projects, the overall business remained intact.

System Integration (“SI”) Business

In the first half of the year, our customers of the SI segment were mainly from flexible power generation in the United Kingdom, and marine and data centres in China. The revenue of SI segment for the six months ended 30 June 2021 was approximately HK\$1,304.5 million (six months ended 30 June 2020: HK\$1,409.2 million), representing a decrease of 7.4%.

Invest, Build and Operate (“IBO”) Business

In the first half of 2021, we focused on managing the challenges posed by the pandemic in labour mobility, supply chain and logistics, while striving to maintain stable power supply to our off-takers as well as the ultimate users. Contributed by the revenue generated from the progressive operation commencement of our power projects in Brazil, the revenue of IBO segment for the six months ended 30 June 2021 increased by 8.6% to approximately HK\$696.5 million (six months ended 30 June 2020: HK\$641.1 million).

Our IBO projects are located in Mainland China, Southeast Asia including Myanmar, Indonesia and Sri Lanka, Peru and Brazil in Latin America and the United Kingdom. Our power stations in Southeast Asia play a key role in bridging the demand and supply gap for electricity. Immediately after the occurrence of political events and social unrest in Myanmar in February 2021, we activated contingency arrangements to protect the safety of our local employees, and maintained operation of our power stations amid the challenging times. The local social condition became relatively stable in late-June. Yet, after careful consideration and negotiations with the relevant parties, we did not renew the contracts for two projects after their expiry. The gen-sets of these projects will be relocated to projects under construction or new sites in accordance with our redeployment plan.

Significant Investments

(i) CNTIC VPower

We set up CNTIC VPower Group Holdings Limited (“**CNTIC VPower**”), a 50:50 joint venture company, with China National Technical Import & Export Corporation. CNTIC VPower was established for the development and operation of three power generation projects in Myanmar, and has developed a comprehensive platform to support LNG sourcing, imports, logistics, storage and regasification.

For the six months ended 30 June 2021, CNTIC VPower made a contribution of approximately HK\$118.4 million to the Group’s profit. As at 30 June 2021, the total investment cost of the Group in CNTIC VPower was approximately HK\$700.4 million; its carrying value was approximately HK\$1.026.3 million, representing approximately 11.2% of the Group’s total assets.

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

We joined hands with CITIC Pacific Limited to explore the opportunities in the energy sector in countries along the Belt and Road Initiative through the Fund in 2018. The investment portfolio of the Fund remained the same as disclosed in the annual report of 2019. For the six months ended 30 June 2021, the Group received distribution of approximately HK\$30.6 million from the Fund.

Power Project Portfolio

The following table shows the power projects of the Group⁽¹⁾ as of 30 June 2021:

	Our equity interest	Gross capacity (MW)⁽²⁾	Contract length (Months)⁽³⁾
Indonesia			
Teluk Lembu I	100%	20.3	12
Teluk Lembu II	100%	65.8	12
Rengat	100%	20.3	12
Muko	100%	6.5	24
Dumai ⁽⁴⁾	100%	18.7	180
Myanmar			
Kyauk Phyu I	100%	49.9	60
Myingyan II	100%	109.7	60
Yangon	100%	4.7	48
Kyun Chaung	100%	23.2	24
China			
Shandong	100%	14.4	180
Latin America			
Iquitos	51%	79.8	240
Amazonas State	100%	70.3	60–180
Sri Lanka			
Valaichchenai	100%	27.7	6
United Kingdom			
Doncaster	100%	20.3	180
Other projects	100%	132.0	180
Joint Venture Projects			
Thaketa	50%	477.1	60
Thanlyin	50%	410.2	60
Kyauk Phyu III	50%	172.2	60
Total capacity		<u><u>1,723.1</u></u>	

Notes:

- (1) It includes the capacity of projects in operation, in trial operation, under contract renewal and under construction.
- (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 in force.
- (4) Under the relevant power procurement and distribution cooperation agreement, we are granted a right of first refusal to supply additional power by increasing our installed capacity of up to 60MW.

Outlook

While it is delightful to see countries working together to combat the COVID-19 pandemic, the variants of virus add uncertainties to the economic recovery and business environment worldwide. In addition to the fight against the virus, it is also a global goal to build a green future. More regulations on carbon emission in areas such as energy supply and waste management as well as policies to advocate green operation and transportation are expected. We will cautiously monitor the dynamic situations, and gear up to seize the opportunities and to manage the potential risks.

As a socially responsible distributed energy provider, we will join hands with the international community to build a zero-carbon future together. We have set our mid-term target of phasing out pure diesel power projects by 2030 and our long-term target of achieving carbon neutrality by 2050. In order to achieve the long-term target, we have formulated development strategies which are incorporated into our daily operation and business development progressively.

First, as always, we will continue to support energy efficiency enhancement projects and invest in renewables when appropriate. We use engines as the key components of our power solutions, which are well known for their technical advantages of “plug and play” design, high mobility, flexible generation capacity, safe operation, adaptability of different fuels and, most importantly, the capability of generating reliable and stable power. To further improve energy efficiency of gen-sets, we have been investing in research and development, as well as maintaining close technology exchange with engine manufacturers. Not only be able to supply stable power independently, our power solutions also work well in combination with renewables to compensate for its volatility due to the limitation of natural resources. It will be our focus of business development to provide highly efficient and economical distributed integrated energy solutions.

As our second strategy, we will enhance our operational efficiency with an aim to reduce direct emissions of greenhouse gases, which are inevitable in daily operations of power stations and offices. We are thus determined to improve our operations from the details and sources. Our power stations will be upgraded gradually with installations of solar panels and storage for self-consumption, while at the same time we will refine the redeployment plan for higher utilisation and to avoid idling of gen-sets. With regard to office operation, resources reuse and waste management will become one of our top priorities.

Carbon trading markets, aiming to reduce carbon emission, are launched in many countries. China kicked off its national carbon emission exchange, the world's largest carbon market, which is regarded as a landmark to reach China's peak emissions and carbon neutrality. We will follow closely the global development of carbon trading and contribute by participation in due course.

From the business development perspective, we will continue to materialise our distributed power projects under construction in the United Kingdom and Indonesia. While maintaining our market share in Southeast Asia, we will spend more resources and focus on opportunities in China and the United Kingdom. Currently in China, our biogas power project is equipped with combined heat and power system (“CHP”) which converts the waste gases from our industrial customer to electricity and steam. With this project as reference and leveraging our technical advantages in various energy application, we are going to offer different kinds of low carbon, highly efficient and economical integrated energy solutions which integrate natural gas (including pipeline gas and LNG), biogas (including industrial and agricultural biogas), wind, solar, storage, energy efficiency and smart micro-grid technology for the simultaneous provision of cooling, heat and power, as well as big data-backed smart distributed energy integrated management service to diverse customers. In the United Kingdom, the larger share of renewable energy has resulted in increased demand for flexible power solutions to maintain grid balance. We have accumulated experience in both sales of gen-sets and operations of power stations over the years. Our power generation capacity in the United Kingdom is expected to increase with progressive completions of our projects in the coming two years. In addition, as technology innovation forms an integral part of the fight against climate change, we will continue to invest in technologies that are relevant to our business.

To conclude, we are more determined to build a green future together with the international community. In face of opportunities and risks, we will move steadily forward and review carefully our strengths and deficiencies in order to adjust our plans in due course. With the collaborative efforts of our management team, employees and business partners, we are confident in seizing every opportunity to diversify our revenue and deliver sustainable return and as a leader in distributed power industry, making a greater contribution to a zero-carbon future.

Financial Review

Revenue

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

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
SI	1,304,530	1,409,235
IBO	<u>696,508</u>	<u>641,083</u>
Total	<u><u>2,001,038</u></u>	<u><u>2,050,318</u></u>

In the six months ended 30 June 2021, the Group recorded a revenue of approximately HK\$2,001.0 million, representing a slight decrease of 2.4% as compared with approximately HK\$2,050.3 million of the corresponding period in 2020. The decrease in revenue was 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 period indicated, both in actual amounts and as a percentage of total revenue:

	Six months ended 30 June			
	2021		2020	
	HK\$'000	% of total revenue	HK\$'000	% of total revenue
Hong Kong and Mainland China	482,874	24.1	649,105	31.6
Other Asian countries ⁽¹⁾	762,697	38.1	731,495	35.7
Other countries	<u>58,959</u>	<u>3.0</u>	<u>28,635</u>	<u>1.4</u>
Total	<u><u>1,304,530</u></u>	<u><u>65.2</u></u>	<u><u>1,409,235</u></u>	<u><u>68.7</u></u>

Note:

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

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

	Six months ended 30 June			
	2021		2020	
	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>HK\$'000</i>	<i>% of total revenue</i>
Myanmar	246,460	12.3	273,851	13.4
Peru	229,916	11.5	222,006	10.8
Brazil	165,462	8.3	73,125	3.6
Indonesia	32,200	1.6	43,381	2.1
Mainland China	16,041	0.8	12,920	0.6
Sri Lanka	<u>6,429</u>	<u>0.3</u>	<u>15,800</u>	<u>0.8</u>
Total	<u><u>696,508</u></u>	<u><u>34.8</u></u>	<u><u>641,083</u></u>	<u><u>31.3</u></u>

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.

Cost of sales of the Group was approximately HK\$1,582.0 million for the six months ended 30 June 2021, representing an increase of HK\$21.0 million as compared with approximately HK\$1,561.0 million of the corresponding period in 2020. The increase was mainly attributable to the increase in pass-through fuel cost in the IBO projects in Brazil.

Gross profit and gross profit margin

	Six months ended 30 June			
	2021		2020	
	<i>HK\$'000</i>	<i>gross profit margin %</i>	<i>HK\$'000</i>	<i>gross profit margin %</i>
SI	176,878	13.6	247,645	17.6
IBO	<u>242,151</u>	<u>34.8</u>	<u>241,660</u>	<u>37.7</u>
Total	<u><u>419,029</u></u>	<u><u>20.9</u></u>	<u><u>489,305</u></u>	<u><u>23.9</u></u>

Gross profit of the Group was approximately HK\$419.0 million for the six months ended 30 June 2021, representing a decrease of 14.4% as compared with approximately HK\$489.3 million of the corresponding period in 2020. Gross profit margin for the six months ended 30 June 2021 decreased to 20.9% from 23.9% for the six months ended 30 June 2020 which was mainly attributable to the increase in construction services revenue in SI business which has low gross profit margin and the increase in pass-through fuel cost in IBO business.

Profit before tax

Profit before tax for the six months ended 30 June 2021 was approximately HK\$227.8 million, representing a decrease of 25.7% as compared with approximately HK\$306.7 million of the corresponding period in 2020. The decrease was mainly due to the lower gross profit from SI business, decrease in other income and gains and increase in administrative expenses which was partially offset by increase in share of profits of joint ventures.

Other income and gains

In the six months ended 30 June 2021, other income and gains of the Group amounted to approximately HK\$9.3 million, representing a decrease of 89.5% as compared with approximately HK\$88.2 million of the corresponding period in 2020. The decrease was mainly attributable to a consultancy income and gain on disposal of items of property, plant and equipment, net recognised during the six months ended 30 June 2020 as a result of certain non-recurrent events but there were no such events during the six months ended 30 June 2021.

Selling and distribution expenses

Selling and distribution expenses of the Group primarily consist of costs for transportation and traveling expenses, commission expense, insurance expense, staff costs and others. The selling and distribution expenses of the Group decreased by 39.3% from approximately HK\$17.8 million for the six months ended 30 June 2020 to HK\$10.8 million for the six months ended 30 June 2021. The decrease was mainly attributable to the decrease in transportation expenses.

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 and related promotion expenses and headquarter expenses.

In the six months ended 30 June 2021, administrative expenses of the Group were approximately HK\$198.2 million, representing an increase of 18.2% as compared with that of HK\$167.7 million in the corresponding period of 2020. The increase was mainly due to increase in the expenses incurred for the development of new projects (such as increase in headcounts and opening of new office) and increase in research and development cost.

Other expenses, net

In the six months ended 30 June 2021, other expenses, net of the Group primarily consisted of loss on disposal of items of property, plant and equipment and fair value loss on derivative financial instruments.

Finance costs

Finance costs of the Group primarily consist of interest and other finance costs on letters of credit, bank loans and overdrafts, notional interest on other payables and interest on lease liabilities and other borrowings. In the six months ended 30 June 2021, finance costs were approximately HK\$102.4 million, which represented a decrease of 4.8% as compared with that of approximately HK\$107.6 million in the corresponding period of 2020. The decrease was primarily due to the lower average borrowing interest rate.

Income tax expense

Income tax expense of the Group primarily consists of income tax payable by our subsidiaries in the PRC and Hong Kong. In the six months ended 30 June 2021, income tax expense was approximately HK\$24.3 million, representing a decrease of 41.0% as compared with that of approximately HK\$41.2 million in the corresponding period of 2020, and our effective tax rate was 10.7% and 13.4% for the six months ended 30 June 2021 and 2020, respectively.

Profit Attributable to Owners and Earnings per Share

In six months ended 30 June 2021, profit attributable to owners of the Company was approximately HK\$198.0 million, representing a decrease of approximately HK\$65.3 million or approximately 24.8% as compared with that of approximately HK\$263.3 million in the corresponding period of 2020.

Basic earnings per share for the six months ended 30 June 2021 were HK7.53 cents as compared with that of HK10.32 cents in the corresponding period of 2020.

Liquidity, Financial and Capital Resources

As at 30 June 2021, total current assets of the Group amounted to approximately HK\$3,528.5 million (31 December 2020: HK\$3,348.1 million). In terms of financial resources as at 30 June 2021, cash and cash equivalents of the Group were approximately HK\$656.0 million (31 December 2020: HK\$978.2 million).

As at 30 June 2021, total bank and other borrowings and senior notes of the Group amounted to approximately HK\$3,861.3 million (31 December 2020: HK\$3,188.9 million), representing an increase of approximately 21.1% as compared to that of 31 December 2020. The Group's bank and other borrowings include short term loans with 1-year maturity and term loans with maturity within 3 years. As at 30 June 2021, the Group's bank and other borrowings and senior notes denominated in U.S. dollars, HK dollars, Euro, Renminbi (“**RMB**”) and Peruvian sol (“**PEN**”) were approximately HK\$3,478.1 million (31 December 2020: HK\$2,790.7 million), approximately HK\$226.2 million (31

December 2020: HK\$277.7 million), approximately HK\$119.9 million (31 December 2020: HK\$101.7 million), approximately HK\$19.7 million (31 December 2020: Nil) and approximately HK\$17.4 million (31 December 2020: HK\$18.8 million), respectively.

In June 2021, the Group had drawn a new unsecured US\$172 million 3-year term loan facility to refinance bank loans maturing in 2021 and 2022. The decrease in cash and cash equivalents was mainly due to the utilisation of funds for daily operations and capital expenditure of property, plant and equipment.

As at 30 June 2021, the Group's current ratio was 1.3 (31 December 2020: 1.0). The Group's liabilities to assets ratio, which is calculated as a percentage of total liabilities to total assets, was 60.5% (31 December 2020: 61.9%). The liabilities to assets ratio, adjusted by excluding the total liabilities and the total assets held by the non-wholly owned subsidiaries for the operation of Iquitos Project, was 56.6% (31 December 2020: 57.9%). The Group's net gearing ratio, which is calculated as a percentage of total interest-bearing bank and other borrowings and senior notes less cash and cash equivalents, pledged deposits and restricted cash to shareholders' equity was approximately 86.0% (31 December 2020: 60.5%). The net gearing ratio, adjusted by excluding the senior notes issued by Genrent del Peru S.A.C., a 51% owned subsidiary, which are non-recourse to the Company and/or other subsidiaries, and restricted cash held under that non-wholly owned subsidiary, was 67.0% (31 December 2020: 40.4%).

Charge of Assets

As at 30 June 2021, the Group's senior notes, and interest-bearing bank and other borrowings were secured by charges on (i) certain of the Group's property, plant and equipment with a net book value of approximately HK\$800.4 million (31 December 2020: HK\$824.0 million); (ii) our equity interest in Genrent del Peru S.A.C., a 51% owned subsidiary and the issuer of the Group's senior notes; (iii) restricted cash of HK\$66.2 million (31 December 2020: HK\$66.6 million); and (iv) pledged deposit of HK\$23.3 million (31 December 2020: HK\$37.1 million).

Exposure on Foreign Exchange Fluctuations

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

The Group is exposed to foreign exchange risk through sales and purchase that are denominated in currencies other than the functional currency of the respective operations, which are primarily Euro, BRL, IDR, RMB, MMK, PEN, LKR and GBP. A majority of the Group's purchases are either in Euro or U.S. dollar. During the six months ended 30 June 2021, 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 minimize the relevant exposures.

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

Contingent Liabilities

As at 30 June 2021, the Group had no material contingent liabilities (31 December 2020: Nil).

Capital Expenditures

For the six months ended 30 June 2021, the Group invested approximately HK\$73.7 million (31 December 2020: HK\$272.0 million) in property, plant and equipment of which HK\$73.0 million (31 December 2020: HK\$270.9 million) mainly for IBO projects related to distributed power stations located in Mainland China and the United Kingdom.

MATERIAL ACQUISITION AND DISPOSAL

The Group did not have material acquisition and disposal of subsidiaries, associates and joint ventures during the six months period ended 30 June 2021.

EMPLOYEES

As at 30 June 2021, the Group had 623 employees (31 December 2020: 628). The Group remunerates its employees based on their performance, experience and prevailing industry practice; and grants bonus in cash, and through share option schemes and a share award scheme, in the form of shares, to motivate valued employees. The Group provides internal and external training (e.g. orientation training, on-the-job training, product training and site safety training) to enrich the knowledge and skills of employees.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK0.75 cents per share for the six months ended 30 June 2021 to the shareholders whose names appear on the register of members of the Company on Wednesday, 15 September 2021.

The proposed interim dividend will be payable in cash, with an option granted to shareholders to receive new and fully paid shares of the Company in lieu of cash in whole or in part under a scrip dividend scheme (the "**Scrip Dividend Scheme**"). A circular containing details of the Scrip Dividend Scheme and the relevant election form are expected to be sent to shareholders on or about Thursday, 23 September 2021.

The Scrip Dividend Scheme is conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") having granted the listing of, and the permission to deal in, the new shares to be issued under the Scrip Dividend Scheme.

It is expected that the cheques for cash dividend and the share certificates to be issued under the Scrip Dividend Scheme will be sent by ordinary mail to shareholders at their own risk on Friday, 22 October 2021.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement to the interim dividend and the option under Scrip Dividend Scheme, the register of members of the Company will be closed during the period commencing from Monday, 13 September 2021 to Wednesday, 15 September 2021 (both days inclusive), during which period no transfer of share(s) of the Company will be effected. In order to qualify for the interim dividend and the Scrip Dividend Scheme, 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 Friday, 10 September 2021.

CORPORATE GOVERNANCE

Throughout the six months ended 30 June 2021, the Company had complied with all code provisions of the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

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 throughout the six months ended 30 June 2021.

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

Throughout the six months ended 30 June 2021, 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 and discussed with the management of the Company the accounting principles and practices adopted by the Group; internal controls and risk management and financial reporting matters including the unaudited interim financial statements of the Group for the six months ended 30 June 2021.

APPRECIATION

We would like to take this opportunity to send our gratitude to our shareholders, customers, suppliers and partners for their continuous support and confidence to the Group and express our appreciation to our executives and staff for their dedication and contribution during the period.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the Company's corporate website at www.vpower.com under "Investors" and the HKEXnews at www.hkexnews.hk under "Listed Company Information". It is expected that the 2021 Interim Report will be despatched to shareholders of the Company and posted at the aforesaid websites in September 2021.

By Order of the Board
VPower Group International Holdings Limited
Lam Yee Chun
Executive Chairman

Hong Kong, 27 August 2021

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