



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

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

Stock Code: 1608



INTERIM REPORT 2021

COMPANY PROFILE



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

We deliver much-in-demand electricity to keep industries running and power the regional economic growth through (1) designing, integrating and selling gen-sets and power generation systems; and (2) designing, investing in, building and operating DPG stations for off-takers. Together, they make up our two principal business segments: (1) System Integration (“**SI**”) business; and (2) Investment, Building and Operating (“**IBO**”) business. Our fast-track power solutions generate stable and reliable electricity in emerging markets to improve the living standards of people; as well as provide flexible and efficient electricity in developed markets to supplement the increasing use of renewable energy due to power reform.

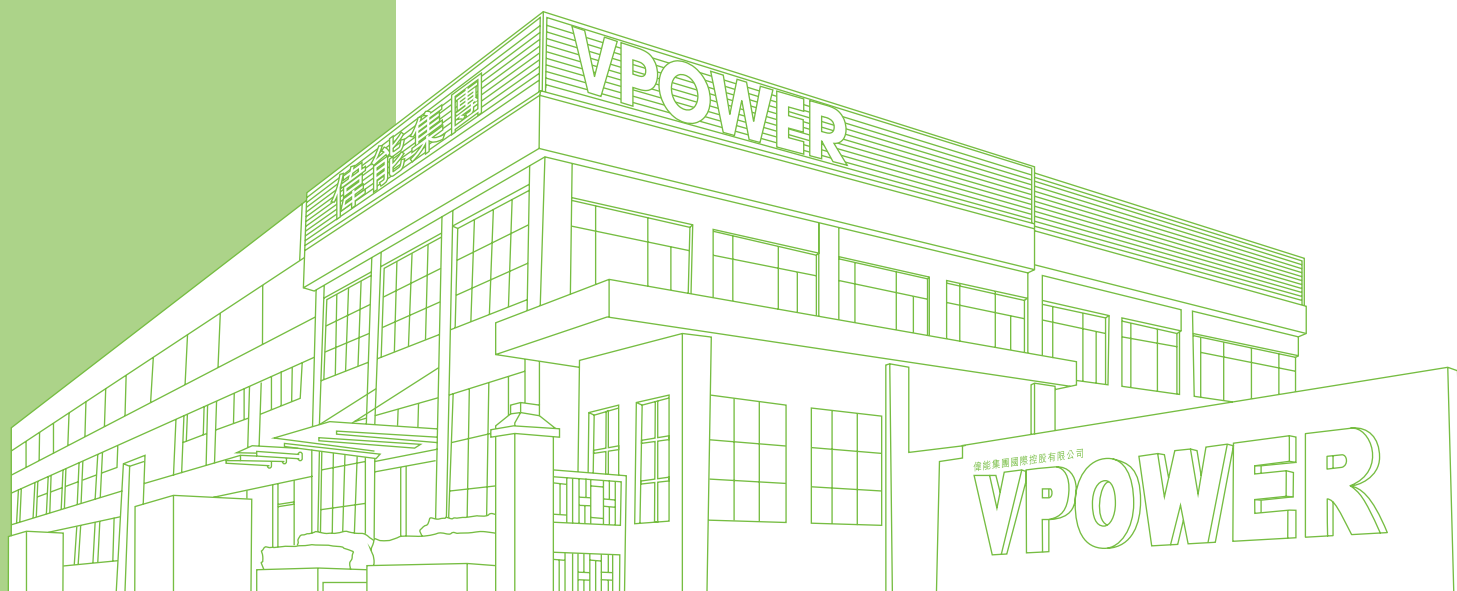
Along with the global effort to combat climate change, we have a strong commitment to achieving carbon neutrality by 2050. We adopt strategies in line with our targets involving development of distributed integrated energy solutions that apply combined cooling, heat and power systems, renewables or new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

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

We power the world, and light up possibilities.

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MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In the first half of 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%.



MANAGEMENT DISCUSSION AND ANALYSIS

Investment, Building and Operating (“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 liquefied natural gas (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.

MANAGEMENT DISCUSSION AND ANALYSIS

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		1,723.1	



MANAGEMENT DISCUSSION AND ANALYSIS

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. Since many countries have set net zero carbon targets, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 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, as well as the contract capacity we make available to the off-takers.

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

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”.



MANAGEMENT DISCUSSION AND ANALYSIS

Revenue by geographical locations

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

	Six months ended 30 June			
	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	58,959	3.0	28,635	1.4
Total	1,304,530	65.2	1,409,235	68.7

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	
	HK\$'000	% of total revenue	HK\$'000	% of total revenue
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	6,429	0.3	15,800	0.8
Total	696,508	34.8	641,083	31.3

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of sales

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

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	
	HK\$'000	gross profit margin %	HK\$'000	gross profit margin %
SI	176,878	13.6	247,645	17.6
IBO	242,151	34.8	241,660	37.7
Total	419,029	20.9	489,305	23.9

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.



MANAGEMENT DISCUSSION AND ANALYSIS

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 Mainland China 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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).



MANAGEMENT DISCUSSION AND ANALYSIS

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.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
REVENUE	4	2,001,038	2,050,318
Cost of sales		(1,582,009)	(1,561,013)
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		112,891	23,329
PROFIT BEFORE TAX	5	227,776	306,705
Income tax	6	(24,309)	(41,165)
PROFIT FOR THE PERIOD		203,467	265,540
Attributable to:			
Owners of the Company		198,017	263,336
Non-controlling interests		5,450	2,204
		203,467	265,540
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		HK7.53 cents	HK10.32 cents
Diluted		HK7.53 cents	HK10.32 cents



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) 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
	4,364	(14,144)
Exchange differences on translation of foreign operations	8,190	(112,021)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	12,554	(126,165)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	216,021	139,375
Attributable to:		
Owners of the Company	210,571	137,171
Non-controlling interests	5,450	2,204
	216,021	139,375

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	<i>Notes</i>	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) 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	10	1,848,049	1,754,748
Deposits and other receivables		38,330	44,410
Deferred tax assets		2,822	4,750
Total non-current assets		5,640,970	5,783,011
CURRENT ASSETS			
Inventories		1,223,900	1,179,771
Trade and bills receivables	11	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
Total current assets		3,528,477	3,348,050
CURRENT LIABILITIES			
Trade and bills payables	12	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	13	22,441	21,978
Interest-bearing bank and other borrowings	14	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
Total current liabilities		2,812,058	3,195,506
NET CURRENT ASSETS		716,419	152,544
TOTAL ASSETS LESS CURRENT LIABILITIES		6,357,389	5,935,555



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
NON-CURRENT LIABILITIES			
Trade payables	12	5,770	42,733
Other payables		217,415	281,123
Senior notes	13	733,658	745,523
Interest-bearing bank and other borrowings	14	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
Total non-current liabilities		2,734,099	2,454,067
Net assets		3,623,290	3,481,488
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	264,692	264,692
Reserves		3,307,216	3,170,864
Non-controlling interests		3,571,908	3,435,556
		51,382	45,932
Total equity		3,623,290	3,481,488

Lam Yee Chun
Director

Au-Yeung Tai Hong Rorce
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Note	Share capital HK\$'000	Share premium account HK\$'000	Merger reserve HK\$'000	Capital reserve HK\$'000	Share option reserve HK\$'000	Shares held under the share award scheme HK\$'000	Asset revaluation reserve HK\$'000	Cash flow hedge reserve HK\$'000	Statutory reserve funds HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interest HK\$'000	Total equity HK\$'000
At 1 January 2020		256,228	1,512,209	(15,458)	146,985	5,411	(58,122)	17,062	(194)	25,962	(22,610)	954,370	2,821,843	36,793	2,858,636
Profit for the period		–	–	–	–	–	–	–	–	–	–	263,336	263,336	2,204	265,540
Other comprehensive income/ (loss) for the period:															
Exchange differences on translation of foreign operations		–	–	–	–	–	–	–	–	–	(112,021)	–	(112,021)	–	(112,021)
Cash flow hedges:															
Changes in fair value of hedging instruments arising during the period		–	–	–	–	–	–	–	(15,685)	–	–	–	(15,685)	–	(15,685)
Reclassification adjustments included in the consolidated statement of profit or loss		–	–	–	–	–	–	–	1,541	–	–	–	1,541	–	1,541
Total comprehensive income for the period		–	–	–	–	–	–	–	(14,144)	–	(112,021)	263,336	137,171	2,204	139,375
2019 final dividend	7	–	–	–	–	–	–	–	–	–	–	(56,370)	(56,370)	–	(56,370)
Issue of shares upon exercise of share options		95	3,050	–	–	(1,233)	–	–	–	–	–	–	1,912	–	1,912
Equity-settled share-based payment arrangement		–	–	–	–	–	23,618	–	–	–	–	(11,721)	11,897	–	11,897
At 30 June 2020 (Unaudited)		256,323	1,515,259	(15,458)	146,985	4,178	(34,504)	17,062	(14,338)	25,962	(134,631)	1,149,615	2,916,453	38,997	2,955,450
At 1 January 2021		264,692	1,802,479	(15,458)	146,985	3,208	(72,568)	17,062	(9,196)	32,205	(90,683)	1,356,830	3,435,556	45,932	3,481,488
Profit for the period		–	–	–	–	–	–	–	–	–	–	198,017	198,017	5,450	203,467
Other comprehensive income/ (loss) for the period:															
Exchange differences on translation of foreign operations		–	–	–	–	–	–	–	–	–	8,190	–	8,190	–	8,190
Cash flow hedges:															
Changes in fair value of hedging instruments arising during the period		–	–	–	–	–	–	–	(126)	–	–	–	(126)	–	(126)
Reclassification adjustments included in the consolidated statement of profit or loss		–	–	–	–	–	–	–	4,490	–	–	–	4,490	–	4,490
Total comprehensive income for the period		–	–	–	–	–	–	–	4,364	–	8,190	198,017	210,571	5,450	216,021
2020 final dividend	7	–	–	–	–	–	–	–	–	–	–	(91,319)	(91,319)	–	(91,319)
Equity-settled share-based payment arrangement		–	–	–	–	–	36,678	–	–	–	–	(19,578)	17,100	–	17,100
At 30 June 2021 (Unaudited)		264,692	1,802,479*	(15,458)*	146,985*	3,208*	(35,890)*	17,062*	(4,832)*	32,205*	(82,493)*	1,443,950*	3,571,908	51,382	3,623,290

* These reserve accounts comprise the consolidated reserves of HK\$3,307,216,000 (31 December 2020: HK\$3,170,864,000) in the consolidated statement of financial position as at 30 June 2021.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Net cash flows from/(used in) operating activities	(804,871)	560,946
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(219,107)	(84,254)
Decrease/(increase) in deposits paid for purchases of property, plant and equipment	(567)	49,275
Decrease in pledged deposits	14,268	27,276
Advance to joint ventures	—	(262,045)
Proceeds from disposal of items of property, plant and equipment	85,971	237,070
Others	21,281	(16,952)
Net cash flows used in investing activities	(98,154)	(49,630)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank borrowings	2,402,687	1,546,013
Repayment of bank borrowings	(1,757,810)	(1,832,515)
Others	(58,176)	(89,906)
Net cash flows from/(used in) financing activities	586,701	(376,408)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(316,324)	134,908
Cash and cash equivalents at beginning of period	978,182	854,074
Effect of foreign exchange rate changes, net	(5,864)	215
CASH AND CASH EQUIVALENTS AT END OF PERIOD	655,994	989,197
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	655,994	989,197

NOTES TO FINANCIAL STATEMENTS

30 June 2021

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,
HKFRS 4 and HKFRS 16
Amendments to HKFRS 16

Interest Rate Benchmark Reform — Phase 2

*Covid-19-Related Rent Concessions beyond 30 June
2021 (early adopted)*



NOTES TO FINANCIAL STATEMENTS

30 June 2021

2. Basis of Preparation (Continued)

Changes in Accounting Policies and Disclosures (Continued)

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.

NOTES TO FINANCIAL STATEMENTS

30 June 2021

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.



NOTES TO FINANCIAL STATEMENTS

30 June 2021

3. Operating Segment Information (Continued)

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	386,885	—	386,885
	1,691,415	696,508	2,387,923
<i>Reconciliation:</i>			
Elimination of intersegment sales			(386,885)
Revenue			2,001,038
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			(102,389)
Profit before tax			227,776
Segment assets	1,773,962	5,768,882	7,542,844
<i>Reconciliation:</i>			
Corporate and unallocated assets			1,626,603
Total assets			9,169,447
Segment liabilities	889,291	636,716	1,526,007
<i>Reconciliation:</i>			
Corporate and unallocated liabilities			4,020,150
Total liabilities			5,546,157
Other segment information:			
Loss on disposal of items of property plant and equipment, net	474	1,192	1,666
Depreciation of property, plant and equipment*	2,656	152,680	155,336
Depreciation of right-of-use assets	6,856	2,003	8,859
Amortisation of intangible assets	—	1,439	1,439
Capital expenditure	751	72,973	73,724

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

NOTES TO FINANCIAL STATEMENTS

30 June 2021

3. Operating Segment Information (Continued)

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	23,595	—	23,595
	1,432,830	641,083	2,073,913
<i>Reconciliation:</i>			
Elimination of intersegment sales			(23,595)
Revenue			2,050,318
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			(107,647)
Profit before tax			306,705
Other segment information:			
Gain on disposal of items of property plant and equipment, net	(16)	(13,543)	(13,559)
Depreciation of property, plant and equipment*	3,738	144,133	147,871
Depreciation of right-of-use assets	5,974	942	6,916
Amortisation of intangible assets	—	1,439	1,439
Capital expenditure	501	179,062	179,563
Year ended 31 December 2020 (audited)			
Segment assets	1,414,846	5,735,199	7,150,045
<i>Reconciliation:</i>			
Corporate and unallocated assets			1,981,016
Total assets			9,131,061
Segment liabilities	1,647,304	752,548	2,399,852
<i>Reconciliation:</i>			
Corporate and unallocated liabilities			3,249,721
Total liabilities			5,649,573

* Depreciation excludes depreciation charges of HK\$818,000 for corporate assets.



NOTES TO FINANCIAL STATEMENTS

30 June 2021

3. Operating Segment Information (Continued)

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
	2,001,038	2,050,318

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
	5,638,148	5,777,506

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

NOTES TO FINANCIAL STATEMENTS

30 June 2021

4. Revenue, Other Income and Gains

An analysis of revenue is as follows:

Revenue from contracts with customers

(i) Disaggregated revenue information

For the six months ended 30 June 2021 (unaudited)

Segments	SI HK\$'000	IBO HK\$'000	Total HK\$'000
Type of goods or services			
Sale of engine-based electricity generation units	909,392	—	909,392
Construction services	374,995	—	374,995
Provision of technical services	20,143	—	20,143
Provision of distributed power solutions	—	696,508	696,508
Total revenue from contracts with customers	1,304,530	696,508	2,001,038
Timing of revenue recognition			
Goods transferred at a point in time	909,392	—	909,392
Services transferred over time	395,138	696,508	1,091,646
Total revenue from contracts with customers	1,304,530	696,508	2,001,038

For the six months ended 30 June 2020 (unaudited)

Segments	SI HK\$'000	IBO HK\$'000	Total HK\$'000
Type of goods or services			
Sale of engine-based electricity generation units	1,408,210	—	1,408,210
Construction services	1,025	—	1,025
Provision of distributed power solutions	—	641,083	641,083
Total revenue from contracts with customers	1,409,235	641,083	2,050,318
Timing of revenue recognition			
Goods transferred at a point in time	1,408,210	—	1,408,210
Services transferred over time	1,025	641,083	642,108
Total revenue from contracts with customers	1,409,235	641,083	2,050,318



NOTES TO FINANCIAL STATEMENTS

30 June 2021

4. Revenue, Other Income and Gains (Continued)

Revenue from contracts with customers (Continued)

(i) Disaggregated revenue information (Continued)

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

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of engine-based electricity generation units	45,753	51,012
Construction services	706,469	—
	752,222	51,012

(ii) Performance obligations

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

Sale of engine-based electricity generation units

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

Construction services

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

Provision of distributed power solutions

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

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

Provision of technical services

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

NOTES TO FINANCIAL STATEMENTS

30 June 2021

4. Revenue, Other Income and Gains (Continued)

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	2,141	3,738
	4,721	69,826
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	—	13,559
	4,551	18,421
	9,272	88,247

* 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.



NOTES TO FINANCIAL STATEMENTS

30 June 2021

5. Profit Before Tax

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

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

NOTES TO FINANCIAL STATEMENTS

30 June 2021

7. Dividends

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
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	91,319	56,370
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	20,186	39,959

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 of the Company (the “Board”) 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 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.



NOTES TO FINANCIAL STATEMENTS

30 June 2021

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. Interests in Joint Ventures

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Share of net assets	1,848,049	1,754,748

In January 2018, the Company and CITIC Pacific Limited (“**CITIC Pacific**”) through their respective subsidiaries, established Tamar VPower Energy Fund I, L.P. (the “**Fund**”). Tamar VPower Holdings Limited, indirectly owned as to 50% by each of the Company and CITIC Pacific, has a wholly-owned subsidiary to act as the general partner, the special limited partner and the management company, respectively, of the Fund. The Company has committed an aggregate amount of US\$105,000,000 (equivalent to HK\$819,000,000) to subscribe for interest in the Fund through its own indirect wholly-owned subsidiary and the special limited partner of the Fund. As at 30 June 2021, the Group invested approximately HK\$807,002,000 (31 December 2020: HK\$787,730,000) in the Fund.

In September 2019, the Company and China National Technical Import & Export Corporation (“**CNTIC**”), through their respective subsidiaries, established CNTIC VPower Group Holdings Limited (“**CNTIC VPower**”), which is indirectly owned as to 50% by each of the Company and CNTIC. CNTIC VPower, together with its subsidiaries, was principally engaged in the development and operation of three power generation projects in Myanmar. As at 30 June 2021, the Group invested approximately HK\$700,444,000 (31 December 2020: HK\$700,444,000) in CNTIC VPower.

NOTES TO FINANCIAL STATEMENTS

30 June 2021

11. 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	(9,019)	(9,019)
	788,766	618,641

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

Included in the Group's trade receivables are amount due from subsidiaries of a joint venture of HK\$142,910,000 (31 December 2020: HK\$27,329,000), which are repayable within 30 days.

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

	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	198,517	198,655
	788,766	618,641



NOTES TO FINANCIAL STATEMENTS

30 June 2021

12. 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	(715,024)	(802,006)
Non-current portion	5,770	42,733

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	17,495	18,345
	720,794	844,739

Included in the Group's trade payables are amounts due to subsidiaries of a joint venture of HK\$187,407,000 (31 December 2020: HK\$185,556,000), which are repayable by instalments up to August 2022. Other trade and bills payables are non-interest-bearing and are normally settled on terms ranging from 30 to 360 days.

13. Senior Notes

In February 2018, a subsidiary of the Company, Genrent del Peru S.A.C., issued senior notes (the "Senior Notes") with a face value of US\$106,500,000 (equivalent to HK\$830,700,000) and interest at a rate of 5.88% per annum, which are repayable semi-annually in February and August each year with maturity in February 2037, unless redeemed earlier. The Senior Notes are secured by, among other things, (i) the assets of such subsidiary, which must remain free of any other lien until maturity; (ii) the equity interest in such subsidiary held by its shareholders; and (iii) a fiduciary trust which was constituted on certain bank collection accounts of such subsidiary, deposit in which amounted to US\$8,482,000 (equivalent to approximately HK\$66,156,000) and US\$8,538,000 (equivalent to approximately HK\$66,594,000) as at 30 June 2021 and 31 December 2020, respectively.

NOTES TO FINANCIAL STATEMENTS

30 June 2021

14. Interest-Bearing Bank and Other Borrowings

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Current		
Portions of bank loans due for repayment within one year or on demand — unsecured	1,344,720	1,029,969
Other borrowings — secured	108,313	108,313
	1,453,033	1,138,282
Non-current		
Portions of bank loans due for repayment after one year — unsecured	1,610,672	1,241,679
Other borrowings — secured	41,462	41,462
	1,652,134	1,283,141
	3,105,167	2,421,423

15. 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	500,000	500,000
Issued and fully paid: 2,646,915,000 (2020: 2,646,915,000) ordinary shares of HK\$0.1 each	264,692	264,692



NOTES TO FINANCIAL STATEMENTS

30 June 2021

15. Share Capital (Continued)

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

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.

Share options and share awards

Details of the Company's share option schemes and the share options issued under the schemes and the Company's share award scheme are included in notes 16 and 17 to the financial statements, respectively.

16. Share Option Schemes

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

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

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

NOTES TO FINANCIAL STATEMENTS

30 June 2021

16. Share Option Schemes (Continued)

The following share options under the Pre-IPO Share Option Scheme were outstanding during the period/year:

	Six months ended 30 June 2021		Year ended 31 December 2020	
	Weighted average exercise price per share HK\$	Number of shares of the Company issuable under the outstanding options '000	Weighted average exercise price per share HK\$	Number of shares of the Company issuable under the outstanding options '000
At beginning of the period/year	2.016	2,462	2.016	4,180
Forfeited during the period/year	2.016	—	2.016	(87)
Exercised during the period/year	2.016	—	2.016	(1,631)
At end of the period/year	2.016	2,462	2.016	2,462

No share option was exercised during the six months ended 30 June 2021. The weighted average share price at the date of exercise for share options exercised during the year ended 31 December 2020 was HK\$3.17 per share.

As at 30 June 2021, the Company had outstanding options to subscribe for 2,462,000 (31 December 2020: 2,462,000) ordinary shares of the Company under the Pre-IPO Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 2,462,000 (31 December 2020: 2,462,000) additional ordinary shares of the Company and additional share capital of HK\$246,000 (31 December 2020: HK\$246,000) and share premium of HK\$4,717,000 (31 December 2020: HK\$4,717,000) (before issue expenses).

17. Share Award Scheme

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



NOTES TO FINANCIAL STATEMENTS

30 June 2021

17. Share Award Scheme (Continued)

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

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

During the six months ended 30 June 2021, the Group had not purchased (for the year ended 31 December 2020: purchased 11,462,000) any shares of the Company through the Trustee from the Company or open market.

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

	Number of ordinary shares	Shares held under the Share Award Scheme HK\$'000
At 1 January 2020	12,354,000	58,122
Purchases of shares for the Share Award Scheme	11,462,000	38,064
Shares awarded	(5,020,000)	(23,618)
At 31 December 2020 and 1 January 2021	18,796,000	72,568
Share awarded	(9,500,000)	(36,678)
At 30 June 2021	9,296,000	35,890

During the six months ended 30 June 2021, the Company had granted 9,500,000 shares to selected eligible persons under the Share Award Scheme (for the year ended 31 December 2020: 5,020,000).

NOTES TO FINANCIAL STATEMENTS

30 June 2021

18. Commitments

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

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Contracted, but not provided for:		
Power generation assets	302,671	326,776
Capital contribution to the Fund	11,998	31,270

19. Related Party Transactions

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

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
A related company:		
Lease expense*	802	475
Subsidiaries of joint ventures:		
Purchase of goods	—	218,010
Provision of technical services	20,143	—
Sales of goods	59,159	—
Provision of construction services	748,800	—
Interest expense [#]	949	3,083

* Lease expense to Orient Profit Investment Limited comprised of depreciation charge of right-of-use assets and interest on lease liabilities amounting to HK\$749,000 (six month ended 30 June 2020: HK\$457,000) and HK\$53,000 (six month ended 30 June 2020: HK\$18,000), respectively. The related company is controlled by a controlling shareholder of the Company. The right-of-use assets and lease liabilities as at 30 June 2021 were HK\$2,247,000 (31 December 2020: Nil) and HK\$2,269,000 (31 December 2020: Nil), respectively.

[#] Interest expense to the related company arose from the loan advanced to the Group.

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



NOTES TO FINANCIAL STATEMENTS

30 June 2021

19. Related Party Transactions (Continued)

(b) Commitments with related companies

On 1 January 2021, a subsidiary of the Group entered into a tenancy agreement with Orient Profit Investment Limited to rent a residential property in Hong Kong at a monthly rental of HK\$130,000, for a term of two years.

As at 30 June 2021, the joint ventures had capital commitments of HK\$1,536,444,000 (31 December 2020: HK\$1,578,775,000) to the Group, which are contracted, but not provided for, on the engineering, procurement and construction of power generation assets.

(c) Compensation of key management personnel of the Group

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

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Short term employee benefits	14,419	15,615
Post-employment benefits	81	81
Equity-settled share-based payment expense	6,354	6,755
Total compensation paid to key management personnel	20,854	22,451

20. Events After the Reporting Period

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

21. Approval of the Financial Statements

These financial statements were approved and authorised for issue by the Board on 27 August 2021.

OTHER INFORMATION

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 dividends 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**”).



OTHER INFORMATION

Model Code for Securities Transactions by Directors

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

Directors’ and Chief Executives’ Interests and Short Positions in Shares and Underlying Shares and Debentures

As at 30 June 2021, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”)) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

OTHER INFORMATION

(i) Interest in the Company

Name of Director	Capacity	Number of ordinary Shares held	Number of underlying Shares held (Note 5)	Total	Approximate percentage of issued share capital (Note 2)
Lam Yee Chun ("Mr. LAM") (Note 3)	Interest of a controlled corporation	1,816,111,881	—	1,816,111,881	68.61%
	Beneficial owner	2,548,000	—	2,548,000	0.10%
	Interest of spouse	890,000	—	890,000	0.03%
Lee Chong Man Jason ("Mr. LEE")	Beneficial owner	464,000	131,000	595,000	0.02%
Au-Yeung Tai Hong Rorce	Beneficial owner	22,426,947	263,000	22,689,947	0.86%
Lo Siu Yuen	Beneficial owner	17,236,463	260,000	17,496,463	0.66%
Chan Mei Wan ("Ms. CHAN") (Note 4)	Beneficial owner	890,000	—	890,000	0.03%
	Interest of spouse	1,818,659,881	—	1,818,659,881	68.71%

Notes:

- All the above interests in the shares and underlying shares of the Company were long positions. None of the Directors and the chief executive of the Company held any short positions in the shares or underlying shares of the Company as at 30 June 2021.
- Based on 2,646,915,000 shares of the Company in issue as at 30 June 2021.
- Mr. LAM directly holds the entire issued share capital of Sunpower Global Limited which holds approximately 58.87% of the total issued share capital of Konwell Developments Limited. Konwell Developments Limited holds the entire issued share capital of Energy Garden Limited. Therefore, Mr. LAM is deemed to have interest in the 1,816,111,881 shares of the Company held by Energy Garden Limited.

Mr. LAM is the spouse of Ms. CHAN. Under Divisions 2 and 3 of Part XV of the SFO, Mr. LAM is deemed to have interest in the same number of shares in the Company in which his spouse has interest.
- Ms. CHAN is the spouse of Mr. LAM. Under Divisions 2 and 3 of Part XV of the SFO, Ms. CHAN is deemed to have interest in the same number of shares in the Company in which her spouse has interest.
- All these interests held by such Directors were underlying shares in respect of share options granted to them on 1 November 2016 pursuant to the Pre-IPO Share Option Scheme, further details of which are set out under the section headed "Share Option Schemes" below.



OTHER INFORMATION

(ii) Interest in Associated Corporations

Name of Director	Name of associated corporation	Number of shares	Approximate percentage of shareholding interest
Mr. LAM	Sunpower Global Limited	1	100%
Mr. LAM	Konwell Developments Limited	5,724	58.87% ⁽¹⁾
Mr. LAM	Energy Garden Limited	100	58.87% ⁽²⁾
Ms. CHAN	Konwell Developments Limited	2,000	20.57% ⁽³⁾
Mr. LEE	Konwell Developments Limited	1,000	10.28% ⁽⁴⁾

Notes:

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

Save as disclosed above, as at 30 June 2021, none of the Directors or the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Option Schemes

1. Pre-IPO Share Option Scheme

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

Other than the options granted under the Pre-IPO Share Option Scheme to grantees (the “**Grantees**”) on 1 November 2016, no further options have been or will be granted under the Pre-IPO Share Option Scheme since then. The exercise price per share is HK\$2.016, an amount equal to 70% of the offer price per share in the global offering of the Company in November 2016.

OTHER INFORMATION

As at 30 June 2021, the Company had outstanding options to subscribe for 2,462,000 shares of the Company under the Pre-IPO Share Option Scheme, representing approximately 0.09% of the issued share capital of the Company as at 30 June 2021.

Details of the movements in the share options, which were granted under the Pre-IPO Share Option Scheme, during the six months ended 30 June 2021 (the "Period") are as follows:

Grantees	Date of grant (dd.mm.yyyy)	Exercise price per share HK\$	Number of underlying shares issuable under the outstanding options				Exercise period (dd.mm.yyyy)
			Outstanding as at 01.01.2021	Cancelled or forfeited during the Period	Exercised during the Period	Outstanding as at 30.06.2021	
Directors							
Lee Chong Man	01.11.2016	2.016	131,000	—	—	131,000	24.11.2019–23.11.2022
Jason							
Au-Yeung Tai	01.11.2016	2.016	132,000	—	—	132,000	24.11.2018–23.11.2021
Hong Rorce	01.11.2016	2.016	131,000	—	—	131,000	24.11.2019–23.11.2022
Lo Siu Yuen	01.11.2016	2.016	130,000	—	—	130,000	24.11.2018–23.11.2021
	01.11.2016	2.016	130,000	—	—	130,000	24.11.2019–23.11.2022
<i>Sub-total</i>			654,000	—	—	654,000	
Consultants							
	01.11.2016	2.016	33,000	—	—	33,000	24.11.2018–23.11.2021
	01.11.2016	2.016	39,000	—	—	39,000	24.11.2019–23.11.2022
Employees							
	01.11.2016	2.016	718,000	—	—	718,000	24.11.2018–23.11.2021
	01.11.2016	2.016	1,018,000	—	—	1,018,000	24.11.2019–23.11.2022
<i>Sub-total</i>			1,808,000	—	—	1,808,000	
Grand-total			2,462,000	—	—	2,462,000	



OTHER INFORMATION

2. Share Option Scheme

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 24 October 2016 for the purpose of providing incentives and rewards to Eligible Participants for their contribution, and aligning the corporate objectives and interests between the Group and its key talents.

Subject to refreshment of Share Option Scheme limit approved by the shareholders of the Company and the maximum number of shares issuable upon exercise of all outstanding options granted under the Share Option Scheme and other share option scheme representing no more than 30% of the issued share capital of the Company from time to time, total number of shares of the Company (“**Shares**”) which may be issued upon exercise of all options to be granted under the Share Option Scheme and other share option schemes of the Company shall not exceed 256,000,000 Shares, representing approximately 9.67% of the issued share capital of the Company as at the date of this report. The maximum number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme to any one person (including exercised and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue from to from.

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

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

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

As at 30 June 2021, no option had been granted by the Board under the Share Option Scheme.

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Share Award Scheme

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

For the six months ended 30 June 2021, the Board had awarded 9,500,000 Awarded Shares, representing approximately 0.36% of the issued share capital of the Company as at 30 June 2021, to selected eligible persons under the Share Award Scheme.

Interests and Short Positions of Substantial Shareholders

As at 30 June 2021, so far as is known to the Directors and the chief executives of the Company, the interests and short positions of the substantial shareholders, other than Directors or chief executives of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO are as follows:

Name of Shareholder	Capacity	Number of underlying shares held (Note 1)	Approximate percentage of the issued share capital (Note 2)
Energy Garden Limited (“ Energy Garden ”)	Beneficial owner	1,816,111,881	68.61%
Konwell Developments Limited (“ Konwell ”)	Interest of a controlled corporation	1,816,111,881 (Note 3)	68.61%
Sunpower Global Limited (“ Sunpower ”)	Interest of a controlled corporation	1,816,111,881 (Note 4)	68.61%
CITIC Group Corporation (“ CITIC Group ”)	Interest of a controlled corporation	204,800,000 (Note 5)	7.74%
CITIC Polaris Limited (“ CITIC Polaris ”)	Interest of a controlled corporation	204,800,000 (Note 5)	7.74%
CITIC Glory Limited (“ CITIC Glory ”)	Interest of a controlled corporation	204,800,000 (Note 5)	7.74%
CITIC Limited (“ CITIC ”)	Interest of a controlled corporation	204,800,000 (Note 5)	7.74%
CITIC Pacific Limited (“ CITIC Pacific ”)	Interest of a controlled corporation	204,800,000 (Note 5)	7.74%
Master Wise Holdings Corp. (“ Master Wise ”)	Interest of a controlled corporation	204,800,000 (Note 5)	7.74%
Next Admiral Limited (“ Next Admiral ”)	Beneficial owner	204,800,000 (Note 5)	7.74%



OTHER INFORMATION

Notes:

1. All the above interests in the shares and underlying shares of the Company were long positions.
2. Based on 2,646,915,000 shares of the Company in issue as at 30 June 2021.
3. Konwell holds 100% of the total issued share capital of Energy Garden and therefore, Konwell is deemed to have interest in the 1,816,111,881 shares held by Energy Garden.
4. Sunpower directly holds approximately 58.87% of the total issued share capital of Konwell and therefore Sunpower is deemed to have interest in the 1,816,111,881 shares held by Energy Garden.

Mr. LAM directly holds the entire issued share capital of Sunpower and therefore Mr. LAM is deemed to have interest in the 1,816,111,881 shares held by Energy Garden. Mr. LAM is the sole director of Konwell and Sunpower. Both of Mr. LAM and Ms. CHAN are the directors of Energy Garden.
5. CITIC Group holds 100% of CITIC Polaris and CITIC Glory, which in turn controls approximately 32.53% and approximately 25.60% of CITIC, respectively. CITIC holds 100% of CITIC Pacific, which in turn holds 100% of Master Wise. Master Wise holds 100% of Next Admiral. Accordingly, CITIC Group, CITIC Polaris, CITIC Glory, CITIC, CITIC Pacific and Master Wise have interest in 204,800,000 shares in the Company held by Next Admiral.

Save as disclosed above, as at 30 June 2021, the Company had not been notified of any interests or short positions in the shares or underlying shares of the Company as recorded in the register of the Company required to be kept under Section 336 of the SFO.

Sufficiency of Public Float

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

Deed of Non-Competition

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

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

OTHER INFORMATION

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

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

The deed of non-competition does not apply to:

- (a) the carrying on, engagement or participation in the Excluded Business as set out in the paragraph of “**Excluded Business**” under the section headed “RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS” in the prospectus of the Company dated 14 November 2016 by Sharkteeth Investments Limited whether directly or indirectly through VPower Technology Chad Limited;
- (b) the relevant Controlling Shareholder’s holding in the shares of a company where:
 - the total number of shares held by the Controlling Shareholders does not exceed 10% of the issued shares of such company which is or whose holding company is listed on a stock exchange; or
 - any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of its consolidated turnover or consolidated assets, as shown in its latest audited accounts; and
- (c) the Business Opportunity which the Company has confirmed that it does not intend to pursue in accordance with the terms of the deed of non-competition (“**Forgone Business Opportunity**”).

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

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

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

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

Pursuant to rule 13.51B(1) of the Listing Rules, change in the information of the Directors required to be disclosed in this report is as follows:

Mr. David Tsoi has been appointed as an independent non-executive director of InvesTech Holdings Limited (listed on the Stock Exchange, stock code: 1087) since 14 May 2021.



CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Lam Yee Chun
(Executive Chairman)
Mr. Lee Chong Man Jason
(Co-Chief Executive Officer)
Mr. Au-Yeung Tai Hong Rorce
(Co-Chief Executive Officer)
Mr. Lo Siu Yuen
(Chief Operation Officer)

Non-Executive Directors

Ms. Chan Mei Wan
(Vice Chairwoman)
Mr. Kwok Man Leung

Independent Non-Executive Directors

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

Board Committees

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Company Secretary

Mr. Chan Kam Shing
(cessation effective on 1 September 2021)
Ms. Wong Wai Man
(appointment effective on 1 September 2021)

Auditor

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

Principal Bankers

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

Registered Office

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

CORPORATE INFORMATION

Head Office and Principal Place of Business

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

Principal Share Registrar and Transfer Agent

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

Branch Share Registrar

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

Company Website

www.vpower.com

Stock Code

1608