VPOWER GROUP

# 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

# GLOBAL OFFERING




Joint Sponsors and Joint Global Coordinators

BOC INTERNATIONAL citi

Joint Bookrunners and Joint Lead Managers

BOC INTERNATIONAL citi 招銀国际 CMB INTERNATIONAL 海通國際 HAITONG HSBC

(in alphabetical order)

***IMPORTANT: If you are in any doubt about the contents of this prospectus, you should seek independent professional advice.***

# *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)*

## GLOBAL OFFERING

| | | |
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| **Number of Offer Shares under the Global Offering** | : | **560,000,000 Shares (subject to adjustment and the Over-allotment Option)** |
| **Number of Hong Kong Offer Shares** | : | **56,000,000 Shares (subject to adjustment)** |
| **Number of International Offer Shares** | : | **504,000,000 Shares (subject to adjustment and the Over-allotment Option)** |
| **Maximum Offer Price** | : | **HK$3.47 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars, subject to refund on final pricing)** |
| **Nominal value** | : | **HK$0.1 per Share** |
| **Stock code** | : | **1608** |

***Joint Sponsors & Joint Global Coordinators***
***(in alphabetical order)***

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招銀国际 CMB INTERNATIONAL 海通國際 HAITONG HSBC

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

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be determined by agreement between us and the Joint Global Coordinators (on behalf of the Underwriters) on or about Friday, November 18, 2016 and, in any event, not later than Wednesday, November 23, 2016. The Offer Price will be not more than HK$3.47 per Offer Share and is currently expected to be not less than HK$2.78 per Offer Share, unless otherwise announced. Investors applying for the Hong Kong Offer Shares must pay, on application, the maximum Offer Price of HK$3.47 per Offer Share, together with brokerage of 1.0%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is less than HK$3.47 per Offer Share. If, for any reason, the Offer Price is not agreed between us and the Joint Global Coordinators (on behalf of the Underwriters) on or by Wednesday, November 23, 2016 (Hong Kong time), the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

The Joint Global Coordinators (on behalf of the Underwriters), with our consent, may reduce the indicative Offer Price range stated in this prospectus and/or reduce the number of Offer Shares being offered pursuant to the Global Offering at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction of the indicative Offer Price range and/or the number of Offer Shares will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Further details are set out in the sections headed "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" in this prospectus. Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" in this prospectus. The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Hong Kong Underwriting Agreement — Grounds for Termination" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold (1) solely to QIBs as defined in Rule 144A pursuant to an exemption from registration under the U.S. Securities Act and (2) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

We confirm that the logo shown on the cover is a registered trademark of our Company.

November 14, 2016

| | |
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| Latest time for Eligible Employees to lodge **PINK** Application Forms | 5:00 p.m. on Wednesday, November 16, 2016 |
| Latest time for completing electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**[2] | 11:30 a.m. on Thursday, November 17, 2016 |
| Application lists open[3] | 11:45 a.m. on Thursday, November 17, 2016 |
| Latest time for lodging **WHITE** and **YELLOW** Application Forms | 12:00 noon on Thursday, November 17, 2016 |
| Latest time for giving **electronic application instructions** to HKSCC[4] | 12:00 noon on Thursday, November 17, 2016 |
| Latest time for completing payment of **WHITE FORM eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) | 12:00 noon on Thursday, November 17, 2016 |
| Application lists close[3] | 12:00 noon on Thursday, November 17, 2016 |
| Expected Price Determination Date[5] | Friday, November 18, 2016 |
| (1) Announcement of the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the Employee Preferential Offering and basis of allocation of the Hong Kong Offer Shares and the Employee Reserved Shares under the Hong Kong Public Offering and the Employee Preferential Offering will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on or before | Wednesday, November 23, 2016 |
| (2) Results of allocations in the Hong Kong Public Offering and the Employee Preferential Offering (with successful applicants' identification document numbers, where appropriate) will be available through a variety of channels as described in the section headed "How to Apply for the Hong Kong Offer Shares — 11. Publication of Results" in this prospectus from | Wednesday, November 23, 2016 |
| (3) A full announcement of the Hong Kong Public Offering and the Employee Preferential Offering containing (1) and (2) above will be published on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our website at **www.vpower.com** from | Wednesday, November 23, 2016 |

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| Results of allocations in the Hong Kong Public Offering and the Employee Preferential Offering will be available at **www.iporesults.com.hk** with a "search by ID" function from ... | Wednesday, November 23, 2016 |
| Dispatch/collection of Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering and the Employee Preferential Offering on or before[6] ..... | Wednesday, November 23, 2016 |
| Dispatch/collection of refund cheques and White Form e-Refund payment instructions in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and the Employee Preferential Offering on or before[7][8] ..... | Wednesday, November 23, 2016 |
| Dealings in the Shares on the Hong Kong Stock Exchange expected to commence on ..... | Thursday, November 24, 2016 |

*Notes:*

(1) All times refer to Hong Kong local time, except as otherwise stated.

(2) You will not be permitted to submit your application through the designated website after 11:30 a.m. on the last day for lodging applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day of lodging applications, when the application lists close.

(3) If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, November 17, 2016, the application lists will not open on that day. Please refer to the section headed "How to Apply for the Hong Kong Offer Shares – 10. Effect of Bad Weather on the Opening of the Application Lists" in this prospectus.

(4) Applicants who apply for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for the Hong Kong Offer Shares – 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS" in this prospectus.

(5) The Price Determination Date is expected to be on or about Friday, November 18, 2016 and, in any event, not later than Wednesday, November 23, 2016 unless otherwise determined between the Joint Global Coordinators (on behalf of the Underwriters) and our Company. If, for any reason, the Offer Price is not agreed by Wednesday, November 23, 2016 between us and the Joint Global Coordinators (on behalf of the Underwriters), the Global Offering will not become unconditional and will lapse.

(6) Share certificates for the Hong Kong Offer Shares are expected to be issued on Wednesday, November 23, 2016 but will only become valid certificates of title provided that the Global Offering has become unconditional in all respects, and neither of the Underwriting Agreements has been terminated in accordance with its terms, prior to 8:00 a.m. on the Listing Date, which is expected to be on or around Thursday, November 24, 2016. Investors who trade Shares on the basis of publicly available allocation details before the receipt of share certificates or before the share certificates becoming valid certificates of title do so entirely at their own risk.

(7) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and the Employee Preferential Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's Hong Kong Identity Card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong Identity Card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong Identity Card number or passport number before cashing the refund cheque. Inaccurate completion of an applicant's Hong Kong Identity Card number or passport number may lead to delays in encashment of, or may invalidate, the refund cheque.

(8) Applicants who have applied on **white** Application Forms or **White Form eIPO** for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering and have provided all required information may collect refund cheques (where applicable) and/or share certificates (where applicable) in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong between 9:00 a.m. to 1:00 p.m. on Wednesday, November 23, 2016. Applicants being individuals who opt for personal collection may not authorize any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend through their authorized representatives bearing letters of authorization from their corporation stamped with the corporation's chop. Both individuals and authorized representatives of corporations must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

Applicants who have applied on **Yellow** Application Forms for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering and have provided all information required may collect their refund cheques, if any, in person but may not elect to collect their share certificates as such share certificates will be deposited into CCASS for the credit of their designated CCASS participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques for yellow Application Form applicants are the same as those for **White** Application Form applicants.

Applicants who apply for Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to "How to Apply for the Hong Kong Offer Shares — 14. Dispatch/Collection of Share Certificates and Refund Monies — (iv) If you apply via **Electronic Application Instructions** to HKSCC" for details. Uncollected share certificates and refund cheques will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in the sections "How to Apply for the Hong Kong Offer Shares — 13. Refund of Application Monies" and "How to Apply for the Hong Kong Offer Shares — 14. Dispatch/Collection of Share Certificates and Refund Monies."

**The above expected timetable is a summary only. You should refer to the sections headed "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" in this prospectus for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.**

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**IMPORTANT NOTICE TO INVESTORS**

*This prospectus is issued by VPower Group International Holdings Limited solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.*

***You should only rely on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering. Information contained in our website, located at www.vpower.com, does not form part of this prospectus.***


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***This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" of this prospectus. You should read this section carefully before you invest in Offer Shares.***

## OVERVIEW

We are one of the world's leading large gen-set system integration, or SI, providers in terms of revenue in 2015 and Southeast Asia's largest private gas-fired engine-based distributed power generation, or DPG, station owner and operator in terms of secured installed capacity as of December 31, 2015, according to Frost & Sullivan. We operate in the DPG market, a niche sub-segment of the power generation industry, which accounted for approximately 11.8% of total installed power generation capacity in Southeast Asia in 2015, according to Frost & Sullivan. For the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2016, our revenue was HK$575.8 million, HK$929.8 million, HK$1,212.8 million and HK$509.0 million, respectively, representing a CAGR of 45.1% between 2013 and 2015, and our profit for the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2016 was HK$9.7 million, HK$120.7 million, HK$141.2 million and HK$28.1 million, respectively, representing a CAGR of 281.5% between 2013 and 2015.

Under our system-integration business, we design, integrate and sell gas-fired and diesel-fired engine-based electricity generation units, or gen-sets, and power generation systems, or PGSs, utilizing our proprietary system designs and integration capabilities. We were the largest system integration provider of gen-sets and PGSs with power output of 800 kW and above in Asia in terms of revenue in 2015, according to Frost & Sullivan. Our SI business recorded HK$535.5 million, HK$785.5 million, HK$965.6 million and HK$376.9 million in revenue, representing 93.0%, 84.5%, 79.6% and 74.0% of our total revenue, in 2013, 2014 and 2015 and the first five months of 2016, respectively, selling gen-sets and PGSs with an aggregate capacity of 286.3MW, 345.6MW, 407.6MW and 158.3MW, respectively.

Under our investment, building and operating, or IBO, business, we design, invest in, build, lease and, in collaboration with off-takers, operate DPG stations. We were the largest private gas-fired DPG station owner and operator in Indonesia and Myanmar in terms of secured installed capacity as of December 31, 2015, according to Frost & Sullivan. Our DPG stations had an aggregate installed capacity of 507.1MW, as of the Latest Practicable Date, while according to Frost and Sullivan, Southeast Asia's overall installed power generation capacity was 203.0GW as of December 31, 2015, which includes 23.9GW of installed DPG capacity. As of the Latest Practicable Date, we had eight DPG stations in commercial operation in Indonesia, Myanmar and Bangladesh, which had individual installed capacity ranging from 20.3MW to 149.8MW. This included seven environmentally friendly gas-fired DPG stations for continuous operation and one diesel-fired DPG station for peak-shaving. We had 31.9MW, 165.9MW, 258.8MW and 300.9MW of installed capacity as of December 31, 2013, 2014 and 2015 and May 31, 2016, respectively, growing at a CAGR of 184.8%. Our IBO business recorded HK$40.2 million, HK$144.3 million, HK$247.3 million and HK$132.1 million in revenue, representing 7.0%, 15.5%, 20.4% and 26.0% of our total revenue, in 2013, 2014 and 2015 and the first five months of 2016, respectively. Our year-end order book, calculated by multiplying the contract capacity for all our DPG stations by the remaining duration (in months) of the contracts, as of December 31, 2013, 2014 and 2015 and May 31, 2016 was 3,196MW-months, 10,015MW-months, 21,671MW-months and 20,548MW-months, assuming our DPG station operating agreements and offtake agreements are not terminated, representing a CAGR of 160.4%. As of the Latest Practicable Date, we also had one DPG station under construction in Ghana, which has a planned installed capacity of 56.2MW. The DPG station is expected to commence operations in December 2016.

We have developed a strong network of partners to continue to grow our IBO business. We work closely with project co-developers, such as CRRC, and EPC contractors and sub-contractors, such as CNTIC, to identify project opportunities, perform risk assessments, choose the appropriate technologies, negotiate and finalize project terms, manage and coordinate local subcontractors and construct the DPG station. We have very strong cooperative relationships with CRRC and CNTIC. CRRC and CNTIC's understanding of local market conditions increases our access to local subcontractors and allows us to quickly obtain reliable estimates of project timelines and costs before we submit any bids or respond to customer requests. In April 2015, we entered into a five-year power project co-development agreement with CRRC and CNTIC for the co-development and construction of gas-fired, diesel-fired and HFO-fired DPG stations in the countries covered by the PRC government's Belt and Road Initiative. The agreement covers Indonesia, Myanmar and Bangladesh, as well as other countries in Africa and Latin America.

**OUR COMPETITIVE STRENGTHS**

- One of the world's leading large gen-set system integration providers and Southeast Asia's largest private gas-fired engine-based DPG station owner and operator
- Strong partnerships with MTU, Bergen, CRRC and CNTIC
- Fixed-term contractual IBO revenue with promising growth prospects
- Complementary and integrated business segments that share know-how
- Young, fuel efficient and technologically-advanced PGS fleet delivering highly competitive value
- Highly experienced management and technical teams allowing fast execution of projects

**OUR BUSINESS STRATEGIES**

- Build on our successful IBO business in existing markets
- Penetrate new geographic areas by leveraging our multi-country platform and replicable business model
- Expand into CHP and power generation using new forms of gas
- Develop a new generation of gen-sets that are more fuel efficient
- Acquire companies or establish joint ventures to enhance our technological leadership, expand into new markets and grow our business

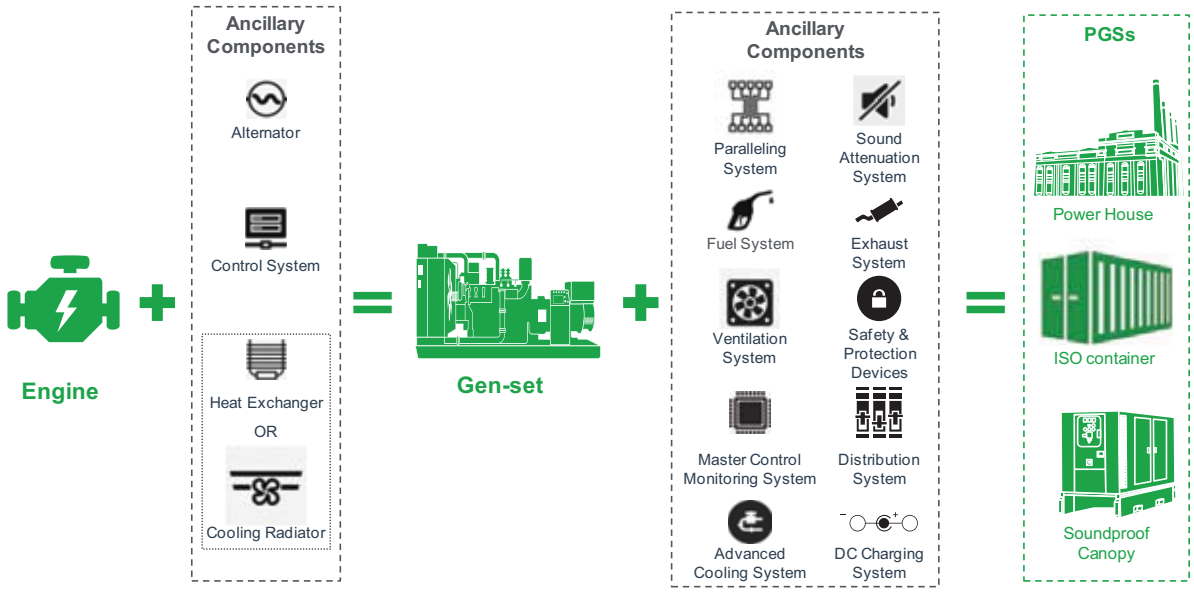
**OUR BUSINESS MODEL**

We have two principal business segments: (1) SI business and (2) IBO business.

**SI Business**

Under our SI business, we design, integrate and sell gas-fired and diesel-fired gen-sets and PGSs, utilizing our proprietary system designs and integration capabilities. Gen-set and PGS system integration is a technical process that involves balancing a variety of customer needs, including those relating to power consumption, costs, fuel efficiency, portability, ease of installation, ability to be redeployed, noise control and temperature control.

The following diagram illustrates each of the components involved in system integration:




Note: Simplified diagrams and process shown for illustration only.

Our gen-sets and PGSs are equipped with engines manufactured primarily by MTU, a globally recognized, leading engine manufacturer, and Komatsu, an engine manufacturing, construction and mining equipment company.

**IBO Business**

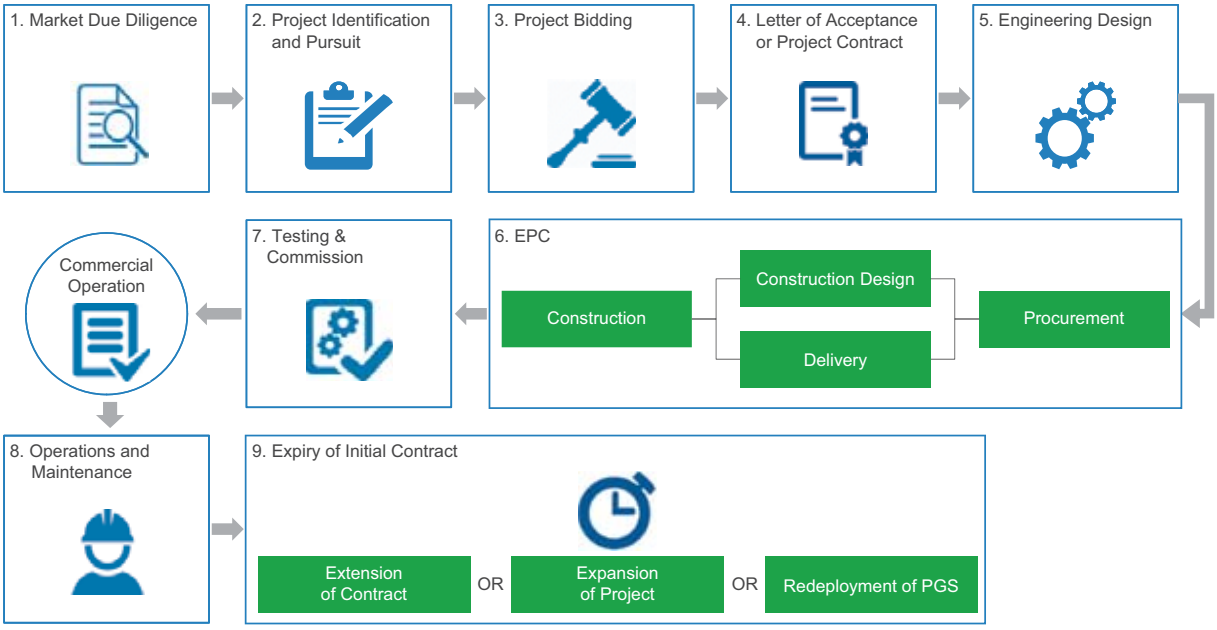
We commenced our IBO business in 2012, focused on fast-track utility-grade DPG projects and developed a strong position in each market within a short operating history. We operate and lease DPG stations for customers with semi-permanent electricity needs who prefer not to own PGSs, such as government utilities in emerging countries which require interim and imminent power prior to the development of large-scale power supplies and infrastructure.

As the owner and operator of our DPG projects under our IBO business, we take the lead role throughout the development process of the DPG projects from sourcing, developing, constructing, financing to operating those projects. At the outset of the project development process, we perform market due diligence, project identification and pursuit, bidding and negotiations of the final key project terms of the operating agreements. In terms of project design, we assess project strategy, establish project structure, finalize technical proposal with involvement of our project co-developer and produce a preliminary design and milestone schedule for the DPG station. During the construction stage, we manage the construction of the project and work with our project co-developer and EPC contractor and its contractors to execute the construction. We also actively supervise the construction and provide technical advice as needed. Upon completion of the construction, we are generally responsible for the operations and maintenance of the DPG station, which we monitor from Hong Kong and the PRC on a day-to-day basis through a mobile and real time application. In terms of ownership and financing needs of our DPG stations, we own the assets employed in the DPG stations and fund our IBO business with cash from equity issuances and operations, finance leases, installment arrangements with our project co-developers and EPC contractors and bank borrowings. For more details on our involvement in the development process and operation of our DPG stations, please refer to "Business — IBO Business — DPG Station Development Process".

We generally enter into operating agreements with intermediate off-takers or ultimate off-takers that are utility companies or government authorities. We cooperate with established intermediate off-takers where necessary to meet local regulatory and financial requirements prescribed by relevant government authorities. We choose our intermediate off-takers based on their knowledge of the local energy market, their access to business opportunities, their project execution capabilities, their compliance with local regulatory requirements and their financial capabilities. Most of the operating agreements with them are for a two to five-year term. We receive payment with reference to the contracted electricity generated and the contracted capacity made available. The fees usually comprise a minimum contract amount of power off-take calculated on the basis of the electricity generated by the DPG stations or a fixed monthly payment plus a variable component based on the actual units of electricity generated.

We have installed PGSs and power substations in our DPG stations which are modular in design, making them significantly more mobile and scalable than traditional CPG projects. As of December 31, 2015, the PGS fleet at our DPG stations in commercial operation had an average age of 1.3 years, making it the youngest comparing with our major competitors in the gas-fired fast-track utility-grade DPG market in Southeast Asia, according to Frost & Sullivan. We intend to continue to focus on our IBO business in emerging markets and expect their revenue contribution to increase.

The following flow chart indicates our project development process under our IBO business.




We have entered into a memorandum of understanding for strategic alliance cooperation with MTU, which allows us and our designated project partners to directly secure engines from MTU for our IBO projects upon relatively short notice, and a regional service support agreement, which facilitates swift delivery of spare parts for our IBO projects.

**Complementary and Integrated Business Segments**

We are able to leverage the technical expertise and experience accumulated from our SI business in our IBO business. We have established a global sales network under our SI business, which provides us with important market insights on local power industries in emerging markets and helps us identify potential

customers and off-takers for our IBO business. We believe that the technical expertise and market network developed under our SI business reduce the risks and increase the efficiency of our IBO business's expansion into new markets. Conversely, the timely market intelligence gathered by our growing IBO business also feeds into our SI business to provide us with a constant information feed that helps us better manage our supply chain and tailor product design to better fit the latest market needs.

**Our Customers**

Our SI and IBO businesses complement one another and fulfill different customer needs.

We sell our gen-sets and PGSs under our SI business to customers who prefer owning PGSs. Our SI customers cover a variety of sectors, including industry-grade and utility-grade DPG stations, governmental, residential and commercial buildings, data centers, hotels, construction works, mining operations, railway projects and telecommunications projects. Our SI customers are primarily located in the PRC, Singapore, Hong Kong, the UAE, South Korea and the Philippines. We price our products primarily based on engine costs, gen-set power output, order volume, technical specifications, and storage and transportation costs.

The major customers of our IBO business are off-takers. In Indonesia, Bangladesh and Ghana, we contract with intermediate off-takers who supply electricity to local utility companies, which are the ultimate off-takers of our DPG stations. In Myanmar, we contract directly with the state-owned utility company. Many of our IBO customers were referred to us through our SI business and the sales and commercial networks of our strategic partners, including MTU, CRRC and CNTIC. We select intermediate off-takers with strong project execution capabilities.

The ultimate off-takers primarily utilize our DPG stations for continuous operating power. They may also utilize the DPG station to act as peak shaver to support peak demand, or to balance and stabilize the intake of the national grid in case their ordinary power source fails. We generally enter into two- to five-year agreements with our customers, which typically incorporate either a take-or-pay or capacity-based provisions, providing us with a contractually committed revenue stream to grow our business.

During each year of the Track Record Period, four out of our five largest customers were customers of our SI business and one was a customer of our IBO business. In 2013, 2014 and 2015 and the first five months of 2016, sales to our five largest customers for each year collectively accounted for approximately 57.6%, 67.1%, 65.7% and 74.6% of our total revenue during the same periods, respectively, and sales to our largest customer accounted for approximately 34.5%, 22.3%, 24.5% and 26.7% of our total revenue, respectively.

**Our Suppliers**

Under our SI business, the cost of our engines comprises a significant percentage of the cost of sales. We primarily use high-quality engines manufactured by MTU and Komatsu for our gen-sets and PGSs. Under our SI business, we work together with our strategic partner, CRRC, to secure more favorable pricing for engines through cooperative procurement, and we have payment terms of up to 180 days with CRRC. We also procure engines from other high-quality manufacturers located in Europe and Asia. We typically purchase alternators and high-quality radiators, as well as ancillary equipment that must be integrated with the gen-set to form PGSs, directly from other third-party manufacturers.

Under our IBO business, typically, we pay less than 15% of the project investment as a deposit to our project co-developer upfront and pay the remaining portion in milestone payments. Upon the

commencement of commercial operation of the DPG stations, ownership of the DPG station assets is transferred from the project co-developer to us as the project owner and operator. Project development costs are paid through milestone payments and represent the most significant investment in our DPG stations and are depreciated on a straight-line basis. Our EPC contract is typically entered into after completion of the engineering design on a fixed date, time-certain turnkey basis.

In 2013, 2014 and 2015 and the first five months of 2016, purchases from our five largest suppliers each year collectively accounted for approximately 69.4%, 79.1%, 83.2% and 86.0% of our total purchases during the same periods, respectively, and purchases from our largest supplier accounted for approximately 52.0%, 55.8%, 68.6% and 68.6% of our total purchases, respectively. These suppliers were CRRC, MTU and other machinery and equipment companies. They generally granted us credit terms of up to 180 days. As of the Latest Practicable Date, our largest supplier, CRRC, held 3.84% of our share capital. For more information on CRRC, see "Business — SI business — Our Major Suppliers and Component Manufacturers."

**Relationship with MTU and Bergen**

We are a global strategic partner of MTU and Bergen. Since 2008, we have been purchasing engines from MTU for our SI business and have continued to purchase engines, parts and services directly from MTU. MTU is a globally recognized, leading high-speed engine manufacturer with over 100 years of experience in engine production. For more information on our relationship with MTU for our SI business, please refer to "Business — SI Business — Our Major Suppliers and Component Manufacturers — MTU" and "Business — Relationship with MTU and Bergen." We are a global strategic partner of MTU under our IBO business for the co-development of DPG stations in order to meet the needs of the growing DPG industry in emerging markets and elsewhere. For risks associated with our relationship with MTU, please refer to "Risk Factors — Risks related to our business and industry — We use engines manufactured by a limited number of manufacturers for our gen-sets, PGSs and DPG stations."

We have also entered into a wide range of memoranda of understanding and strategic agreements with MTU and Bergen for both our SI and IBO business, which facilitate our co-marketing efforts and allow us to share information with each other on local market conditions and business opportunities. Under our SI business, we entered into a strategic alliance agreement with MTU to co-develop the natural gas and biogas markets by expanding the use of natural-gas- and biogas-fired gen-sets manufactured by MTU into a number of countries including China, Singapore, Hong Kong, Macau, Indonesia, Myanmar and Bangladesh. Under our IBO business, we have also partnered with MTU to co-develop DPG stations globally, and in particular in emerging markets, to meet the needs of the growing global DPG market, allowing us to secure production capacity for MTU gas-fired, diesel-fired and HFO-fired engines for our DPG stations directly upon relatively short notice. MTU also provides us with dedicated support from MTU's global network for its engines, spare parts and after-sale services for our DPG stations, covering Indonesia, Myanmar, Bangladesh, Africa and the Middle East. In September 2014, we agreed to work with Bergen exclusively for Bergen medium-speed engine applications in Indonesia to develop gas-fired DPG stations for PLN. For more details on our memoranda and agreements with MTU and Bergen, please refer to "Business — Relationship with MTU and Bergen."

**Relationship with CRRC**

We have collaborations with CRRC under both our SI and IBO businesses. For more details, please refer to "Business — Relationship with CRRC". Since 2013, under our SI business, we have established a procurement arrangement with CRRC to purchase engines. We purchased MTU engines (representing 100%, 100%, 55.2% and 82.4% of our total purchases of engines through CRRC in 2013, 2014 and 2015 and the

five months ended May 31, 2016) and engines manufactured by another engine supplier (representing nil, nil, 44.8% and 17.6% of our total purchases of engines through CRRC in 2013, 2014 and 2015 and the five months ended May 31, 2016) from CRRC. Based on our estimation using information available to us, during the Track Record Period, the maximum pricing difference between the engines we purchase through CRRC under the procurement arrangement and directly from MTU and another engine supplier were no more than 2.0% and 2.2%, respectively. As an illustration, if prices of MTU engines and engines from the other supplier were to increase by 2.0% and 2.2%, respectively, in the three years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2016, our gross profit margin would hypothetically be reduced by approximately 1.05%, 0.87%, 0.77% and 0.83% for the relevant year or period, respectively. Furthermore, based on our estimation using information available to us, if we could not benefit from the longer payment term afforded under the procurement arrangement when acquiring MTU engines through CRRC, we would seek general banking facilities, which we estimate from our experience would have an interest rate of not more than 1.0%, and would have resulted in an hypothetical increase in interest expense of approximately HK$2.3 million, HK$3.5 million, HK$3.6 million and HK$1.9 million for 2013, 2014, 2015 and the five months ended May 31, 2016, respectively, representing 23.7%, 2.9%, 2.6% and 6.9% of our net profit for the respective periods, to cover our funding needs during the extra 120 days received under the procurement arrangement. The hypothetical increase for 2013 as a percentage of our net profit is higher than those for the other periods due to a significant increase in start-up costs such as overhead expenses, including hiring of senior staff and increase in rented office space, as we began our IBO business in 2012, before revenue were generated and contributed by our IBO business, and we also incurred a one-time share-based payment expense of HK$9.6 million in 2013. As our IBO business contributed more revenue in subsequent periods, our net profit increased and the hypothetical interest expenses as a percentage of our net profit is lower as a result. As such, we do not expect any hypothetical increase in interest expense would have a material impact on our financial position going forward. For more details, please refer to "Business — SI Business — Our Major Suppliers and Component Manufacturers". For risks associated with this arrangement, please refer to "Risk Factors — Risk Related to Our Business and Industry — We primarily obtain engines through CRRC for our SI business."

Under our IBO business, CRRC is our primary project co-developer for our DPG stations and allows us to make milestone payments for our DPG stations. Based on our estimation using information available to us, without the benefit of milestone payments to CRRC, our interest expense would have increased hypothetically by nil, HK$0.7 million, HK$4.5 million and HK$2.4 million or a hypothetical increase of nil, 0.37%, 1.11% and 0.44% as a percentage of our EPC payables (equivalent to nil, 0.55%, 3.20% and 8.54% of our net profit) for 2013, 2014 and 2015 and the five months ended May 31, 2016, respectively. For more details, please refer to "Business — IBO Business — DPG Station Development Process — EPC". In April 2015, we entered into a 5-year power project co-development agreement for DPG stations in countries under the Belt and Road Initiative. For more information regarding this arrangement, please refer to "Business — Relationship with CRRC". For risks associated with this arrangement, please refer to "Risk Factors — Risk Related to Our Business and Industry — CRRC is the primary project co-developer for DPG stations of our IBO business."

In 2015, CRRC became one of our shareholders. For more information, please refer to "History, Reorganization and Corporation Structure — Introduction of Investors — CRRC". Upon the completion of the Global Offering, CRRC will hold 3.00% of the enlarged issue share capital of our Company (without taking into account any Shares which may be issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme).

## OUR RESULTS OF OPERATIONS

The following tables set forth selected financial data from our combined financial information for the periods indicated, extracted from the Accountants' Report attached as in Appendix I in this prospectus:

### Summary Combined Statements of Profit or Loss and Other Comprehensive Income

| | Year ended December 31, | | | Five months ended May 31, | |
|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2015 | 2016 |
| | | | (HK$ in thousands) | | |
| **Revenue** | 575,777 | 929,781 | 1,212,843 | 294,872 | 509,011 |
| Cost of sales | (483,803) | (681,338) | (868,855) | (188,294) | (353,388) |
| **Gross profit** | 91,974 | 248,443 | 343,988 | 106,578 | 155,623 |
| Other income and gains | 6,305 | 50,378 | 45,946 | 21,770 | 5,607 |
| Selling and distribution expenses | (21,591) | (35,722) | (25,061) | (7,531) | (9,153) |
| Administrative expenses | (47,124) | (88,495) | (131,402) | (47,358) | (76,274) |
| Other expenses, net | (5,277) | (18,968) | (34,359) | (25,392) | (14,967) |
| Finance costs | (8,712) | (14,640) | (34,697) | (12,849) | (23,388) |
| **Profit before tax** | 15,575 | 140,996 | 164,415 | 35,218 | 37,448 |
| Income tax expense | (5,894) | (20,250) | (23,192) | (5,711) | (9,385) |
| **Profit for the year/period attributable to:** | | | | | |
| Owners of the Company | 9,309 | 120,746 | 141,223 | 29,507 | 28,063 |
| Non-controlling interest | 372 | – | – | – | – |
| **Profit for the year/period** | **9,681** | **120,746** | **141,223** | **29,507** | **28,063** |

Other income and gains for 2015 primarily comprised income from contract assignment/novation of HK$9.3 million, foreign exchange differences, net of HK$8.4 million and fair value gain on derivative financial instrument of HK$8.0 million. Other income and gains for 2014 primarily comprised foreign exchange differences, net of HK$41.2 million. For discussion of our combined income statements, see "Financial Information — Description of Key Statement of Profit or Loss Items" in this prospectus.

***Revenue by Business Segment***

| | Year ended December 31, | | | | | | Five Months Ended May 31, | |
|---|---|---|---|---|---|---|---|---|
| | 2013 | | 2014 | | 2015 | | 2016 | |
| | (HK$ in thousands) | (% of revenue) | (HK$ in thousands) | (% of revenue) | (HK$ in thousands) | (% of revenue) | (HK$ in thousands) | (% of revenue) |
| **SI** | | | | | | | | |
| Hong Kong | 21,708 | 3.8 | 20,575 | 2.2 | 143,520 | 11.8 | 9,952 | 1.9 |
| Mainland China | 378,671 | 65.8 | 312,066 | 33.6 | 506,054 | 41.7 | 203,368 | 40.0 |
| Other Asian countries/ territories | 119,534 | 20.8 | 450,893 | 48.5 | 313,595 | 25.9 | 163,473 | 32.1 |
| Other countries/ territories | 15,630 | 2.6 | 1,920 | 0.2 | 2,418 | 0.2 | 97 | 0.0 |
| **Total—SI** | **535,543** | **93.0** | **785,454** | **84.5** | **965,587** | **79.6** | **376,890** | **74.0** |

| | Year ended December 31, | | | | | | Five Months Ended May 31, | |
|---|---|---|---|---|---|---|---|---|
| | 2013 | | 2014 | | 2015 | | 2016 | |
| | (HK$ in thousands) | (% of revenue) | (HK$ in thousands) | (% of revenue) | (HK$ in thousands) | (% of revenue) | (HK$ in thousands) | (% of revenue) |
| **IBO** | | | | | | | | |
| Bangladesh .... | 9,333 | 1.6 | 65,956 | 7.1 | 92,171 | 7.6 | 38,100 | 7.5 |
| Indonesia ..... | 30,901 | 5.4 | 78,371 | 8.4 | 109,521 | 9.0 | 50,321 | 9.9 |
| Myanmar ..... | – | – | – | – | 45,564 | 3.8 | 43,700 | 8.6 |
| **Total—IBO** ..... | **40,234** | **7.0** | **144,327** | **15.5** | **247,256** | **20.4** | **132,121** | **26.0** |

For our SI business, we recognize revenue primarily when we have substantially transferred the significant risks and rewards of ownership of the goods to the customer.

For our IBO business, we primarily calculate revenue based on the actual amount of electricity we deliver to the customer and recognize revenue when the electricity is produced and delivered to the customer in accordance with the contractual arrangements. We also calculate revenue based on the contractually agreed available capacity which we have made available to the intermediate off-taker pursuant to our operating agreements and recognize revenue monthly upon the issuance of the invoice.

***Means of Obtaining Contract***

For our SI business, we secure sales through tenders and entering into direct contracts with our customers. The table below sets forth a revenue breakdown for tender and direct contract, both in actual terms and as a percentage of revenue for the Track Record Period.

| | Year ended December 31, | | | | | | Five months ended May 31, | |
|---|---|---|---|---|---|---|---|---|
| | 2013 | | 2014 | | 2015 | | 2016 | |
| | (HK$ in thousands) | (% of revenue) | (HK$ in thousands) | (% of revenue) | (HK$ in thousands) | (% of revenue) | (HK$ in thousands) | (% of revenue) |
| Tender .. | 69,291 | 12.9 | 39,014 | 5.0 | 38,738 | 4.0 | 14,619 | 3.9 |
| Direct contract | 466,252 | 87.1 | 746,441 | 95.0 | 926,849 | 96.0 | 362,271 | 96.1 |
| **Total** ... | **535,543** | **100** | **785,455** | **100** | **965,587** | **100** | **376,890** | **100** |

For our IBO business, all of our projects are secured through tenders, except our project in Pagla, Bangladesh and Ghana, where we negotiated the operating agreement through private discussions directly with the intermediate off-taker.

Our SI business tender success rates were 66%, 69%, 60% and 62% for the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2016. Under our IBO business, we won three out of four tenders submitted in the year ended December 31, 2014 and two out of three in the year ended December 31, 2015. We did not submit any tender in 2013 or the first five months of 2016 under our IBO business.

**Gross Profit and Gross Profit Margin**

| | Year ended December 31, | | | | | | | | | Five months ended May 31, | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2013 | | | 2014 | | | 2015 | | | 2016 | | |
| | (HK$ in thousands) | (% of gross profit) | (gross margin %) | (HK$ in thousands) | (% of gross profit) | (gross margin %) | (HK$ in thousands) | (% of gross profit) | (gross margin %) | (HK$ in thousands) | (% of gross profit) | (gross margin %) |
| SI .... | 63,770 | 69.3 | 11.9 | 148,870 | 59.9 | 19.0 | 201,760 | 58.7 | 20.9 | 77,433 | 49.8 | 20.5 |
| IBO .. | 28,204 | 30.7 | 70.1 | 99,573 | 40.1 | 69.0 | 142,228 | 41.3 | 57.5 | 78,190 | 50.2 | 59.2 |
| **Total** . | **91,974** | **100.0** | **16.0** | **248,443** | **100.0** | **26.7** | **343,988** | **100.0** | **28.4** | **155,623** | **100.0** | **30.6** |

**Summary Combined Statements of Financial Position**

| | As of December 31, | | | As of May 31, |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 |
| | (HK$ in thousands) | | | |
| Total current assets | 478,210 | 845,248 | 1,766,482 | 1,726,077 |
| Total current liabilities | 562,830 | 1,124,610 | 1,594,506 | 1,686,643 |
| **Net current (liabilities) assets** | **(84,620)** | **(279,362)** | **171,976** | **39,434** |

We recorded net current liabilities in the amount of HK$84.6 million and HK$279.4 million as of December 31, 2013 and 2014, respectively. In order to meet our capital requirements for investing in our DPG stations, we have significant short term borrowings, which are recorded as current liabilities. We make installment payments for our DPG stations, a portion of which is recorded as current liabilities. For more details on our installment arrangements, see "— Indebtedness — Project Development and Installment Arrangements and Other Borrowings." However, we invest the cash in DPG stations, which are recorded as long-term assets. As a result, there may be a significant delay between our initial upfront deposit in our DPG stations and our receipt of revenue under our operating agreements. See "Risk Factors — We had net current liabilities as of December 31, 2013 and 2014." For further details, see "Financial Information — Net Current Assets and Liabilities" in this prospectus.

**Summary Combined Statements of Cash Flows**

| | Year ended December 31, | | | Five months ended May 31, |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 |
| | (HK$ in thousands) | | | |
| Net cash generated from operating activities | 38,553 | 75,103 | 15,870 | 111,118 |
| Net cash used in investing activities | (98,677) | (502,641) | (162,224) | (98,499) |
| Net cash generated from (used in) financing activities | 79,845 | 504,703 | 350,659 | (15,509) |
| Net increase/(decrease) in cash and cash equivalents | 19,721 | 77,165 | 204,305 | (2,890) |
| Cash and cash equivalents at beginning of year | (16,430) | 6,412 | 83,377 | 286,874 |
| Effect of foreign exchange rate changes, net | 3,121 | (200) | (808) | (446) |
| **Cash and cash equivalents at end of year/period** | 6,412 | 83,377 | 286,874 | 283,538 |

For details of our cash flows, see "Financial Information — Liquidity and Capital Resources — Cash Flow" in this prospectus.

## Key Financial Ratios

| | As of and for the year ended December 31, | | | As of and for the five months ended May 31, |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 |
| **Profitability ratios** | | | | |
| Return on equity | 9.6% | 70.9% | 36.7% | N/A |
| Return on total assets | 1.6% | 10.6% | 6.5% | N/A |
| **Liquidity ratios** | | | | |
| Current ratio | 0.8 | 0.8 | 1.1 | 1.0 |
| Quick ratio | 0.5 | 0.5 | 0.8 | 0.6 |
| Liabilities to assets ratio | 0.8 | 0.9 | 0.8 | 0.8 |
| **Capital adequacy ratios** | | | | |
| Net gearing ratio | 2.3 | 1.4 | 1.0 | 1.1 |
| Interest coverage | 2.8 | 10.6 | 5.7 | 2.6 |

Please see "Financial Information — Key Financial Ratios" in this prospectus for descriptions of the calculation of the above ratios.

## Planned Capital Expenditures

Our capital expenditures are expected to primarily consist of investments in property, plant and equipment for our DPG stations. We have planned to invest approximately HK$676.7 million in 2016 and HK$1,868.8 million in 2017 for (i) project installment payments for our IBO business to our project co-developer and EPC contractors and (ii) deposits and capital expenditures for our SI business, such as for enhancing our assembly line for system integration, by utilizing cash generated from sale of our equity and our operations, finance leases, bank borrowings and the proceeds from the Listing.

Our actual capital expenditures may differ from the amounts set forth above due to various factors, including our future cash flows, number of project secured under our project pipeline, results of operations and financial condition, economic conditions in emerging markets or the PRC, the availability of financing on terms acceptable to us, technical or other problems in obtaining or installing equipment and changes in the regulatory environment in emerging markets or the PRC. For more details, please refer to "Financial Information — Capital Expenditures — Planned Capital Expenditures".

## KEY OPERATIONAL DATA

Our DPG stations in operation and under construction are utility-grade and we intend to continue to primarily develop utility-grade DPG stations going forward to take advantage of the higher margin and growth potential of the IBO business. The following table shows our current DPG stations in operation and under construction as of the Latest Practicable Date.

### IN OPERATION

| Projects | Installed Capacity (MW) | Contract Capacity (MW) | Minimum Contracted Capacity (MW) | Fuel Type | Start of Operations | Contract Length (months) | Ultimate Off-taker | Counter-party | Project Type | Engine Type |
|---|---|---|---|---|---|---|---|---|---|---|
| Teluk Lembu I | 20.3[1] | 12.0 | 9.6[2] | Gas | December 2012 | 52[2] | PLN | Intermediate off-taker | Continuous | High-speed |
| Teluk Lembu II | 65.8 | 50.0 | 50.0 | Gas | June 2014 | 60 | PLN | Intermediate off-taker | Continuous | Medium-speed |
| Palembang | 56.2 | 50.0 | 40.0 | Gas | May 2015 | 18 | PLN | Intermediate off-taker | Continuous | High-speed |
| Jambi | 56.4 | 50.0 | 40.0 | Gas | September 2016 | 60 | PLN | Intermediate off-taker | Continuous | Medium-speed |
| **Indonesia subtotal** | **198.7** | **162.0** | **139.6** | | | | | | | |
| Kyauk Phyu I | 49.9 | 45.0 | 35.6[3] | Gas | March 2015 | 20 | EPGE | Ultimate off-taker | Continuous | High-speed |
| Kyauk Phyu II | 49.9 | 45.0 | 35.6[3] | Gas | March 2016 | 60 | EPGE | Ultimate off-taker | Continuous | High-speed |
| Myingyan | 149.8 | 133.0 | 105.1[3] | Gas | June 2016 | 60 | EPGE | Ultimate off-taker | Continuous | High-speed |
| **Myanmar subtotal** | **249.6** | **223.0** | **176.3** | | | | | | | |
| Pagla, **Bangladesh** | 58.8 | 50.0 | N.A. | Diesel | September 2014[4] | 60[4] | BPDB | Intermediate off-taker | Peak Shaving | High-speed |
| **Subtotal** | **507.1** | **435.0** | **315.9** | | | | | | | |

### UNDER CONSTRUCTION

| Projects | Planned Installed Capacity (MW) | Contract Capacity (MW) | Minimum Contracted Capacity (MW) | Fuel Type | Expected Start of Operations | Contract Length (months) | Ultimate Off-taker | Counter-party | Project Type | Engine Type |
|---|---|---|---|---|---|---|---|---|---|---|
| **Ghana** | 56.2 | 50.0 | 50.0 | Gas | December 2016 | 60 | ECG | Intermediate off-taker | Continuous | High-speed |
| **Subtotal** | **56.2** | **50.0** | **50.0** | | | | | | | |
| **Total** | **563.3** | **485.0** | **365.9** | | | | | | | |

Notes:

For definitions of "installed capacity," " contract capacity" and "minimum contracted capacity," please refer to the section headed "Glossary of Technical Terms" in this prospectus.

(1) Installed capacity of Teluk Lembu I was 28.1MW as of December 31, 2015. In the first quarter of 2016, five units of PGSs with 7.8MW capacity were decommissioned from the DPG station for redeployment to other DPG stations.

(2) The initial contract for Teluk Lembu I was for four months with 14.0MW installed capacity, 12.0MW contract capacity, 12.0MW minimum contracted capacity with commercial operation starting December 2012. Three subsequent amendments have been made to extend the contract and increase installed capacity. Additional installed capacity of 4.7MW and 9.4MW commenced commercial operations in April 2013 and April 2014, respectively. Most recently, the contract was extended for 12 months with contract expiry in April 2017 and 9.6MW minimum contracted capacity.

(3) Minimum contracted capacity for our Myanmar DPG stations are different during the dry-season (December to June) and wet-season (July to November). Minimum contracted capacity for Kyauk Phyu I, Kyauk Phyu II and Myingyan: 100% of contract capacity in dry-season; 50% of contract capacity in wet-season (Myingyan's minimum contracted capacity is 100% of contract capacity during first year of operation from June 2016 to June 2017); Minimum contracted capacity displayed in the table represents the weighted average minimum contracted capacity taking into account seasonality.

(4) The 60-month operating agreement for Pagla started from November 24, 2013 and ends on November 23, 2018. The Pagla DPG station commenced commercial operations with our newly installed ISO-containerized PGSs on September 15, 2014. Please refer to "Business — Illustrative DPG Station Case Studies — Bangladesh — Pagla" for further details.

The following table provides the major risk indices for each existing and potential new market where our IBO business operates for 2015:

| | 2015 | | | | | |
|---|---|---|---|---|---|---|
| | **Indonesia** | **Bangladesh** | **Myanmar** | **Ghana** | **Nigeria** | **Saudi Arabia** |
| Transparency International Corruption Perceptions Index[1] | 88/168 | 139/168 | 147/168 | 56/168 | 136/168 | 48/168 |
| Standard & Poor sovereign credit rating | BB+ / positive | BB- / stable | Not rated | B- / stable | B / stable | A-/ stable |
| World Bank distance to frontier score[2] | 59.15/100 | 46.84/100 | 43.55/100 | 65.24/100 | 42.72/100 | 62.69/100 |
| Sinosure ranking[3] | 5/9 | 7/9 | 7/9 | 6/9 | 7/9 | 4/9 |

Notes:
(1) A lower index indicates lower corruption perception.
(2) A higher score indicates better regulatory performance.
(3) A higher ranking indicates higher credibility.

For the major risk indices covering 2013 and 2014, please refer to the risk factor headed "Managing our business in emerging or other overseas markets increases our risks" in the section headed "Risk Factors."

The following table sets forth our currency exposure for the period indicated:

| | If Hong Kong dollar strengthens by 5% | |
|---|---|---|
| | **Increase / (decrease) in gross profit** | **Increase / (decrease) in gross profit margin** |
| | **(HK$ in thousands)** | **(%)** |
| 2013 | | |
| Against the Euro | 8,841 | 1.54 |
| Against the RMB | (2,698) | (0.47) |
| Against the IDR | (1,339) | (0.23) |
| 2014 | | |
| Against the Euro | 16,751 | 1.80 |
| Against the RMB | 5,260 | 0.57 |
| Against the IDR | (3,587) | (0.39) |
| 2015 | | |
| Against the Euro | 20,810 | 1.72 |
| Against the RMB | 5,738 | 0.47 |
| Against the IDR | (6,406) | (0.53) |
| Five months ended May 31, 2016 | | |
| Against the Euro | 7,903 | 1.55 |
| Against the RMB | 2,972 | 0.58 |
| Against the IDR | (2,285) | (0.45) |

For further information on our currency exposure, see "Financial Information — Market Risks — Currency Risks".

**OUR CONTROLLING SHAREHOLDERS**

Immediately upon completion of the Global Offering (assuming no exercise of the Over-allotment Option and any options that have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme), Mr. Lam and Ms. Chan, indirectly through their investment holding companies, will hold an aggregate 70.57% of the total issued share capital of our Company. Accordingly, Mr. Lam, Ms. Chan, Sunpower Global Limited, Classic Legend Holdings Limited, Konwell Developments Limited and Energy

Garden Limited will be the Controlling Shareholders of our Company under the Listing Rules. Our Controlling Shareholders will operate a DPG station in Chad, and we will continue to engage in certain transactions with our Controlling Shareholders upon the Listing. Each of the Controlling Shareholders has entered into the Deed of Non-competition to minimize any potential competition between our Group and each of them or any of their respective associates (other than members of our Group). Please see the sections headed "History, Reorganization and Corporate Structure", "Relationship with Our Controlling Shareholders" and "Connected Transactions" in this prospectus for further details.

**INVESTMENTS BY CRRC AND MILLENNIUM FORTUNE**

On April 22, 2015 and October 26, 2015, CRRC and Millennium Fortune entered into two separate share subscription agreements to subscribe for 413,412 and 344,359 shares in Crest Pacific, respectively. Immediately following the completion of the Reorganization and the Global Offering (without taking into account of the Shares which may be issued upon the exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme), CRRC and Millennium Fortune will hold approximately 3.00% and 2.50%, respectively, of our total issued Shares. Please refer to section headed "History, Reorganization and Corporate Structure" in this prospectus for detailed description of the investments.

**PRE-IPO SHARE OPTION SCHEME**

The total number of Shares which may be issued upon the exercise of all options granted under the Pre-IPO Share Option Scheme is 6,670,000 Shares, representing approximately 0.26% of the enlarged issued share capital of our Company immediately following the completion of the Global Offering (without taking into account any Share which may be issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme). Assuming full vesting and exercise of the outstanding share options granted under the Pre-IPO Share Option Scheme, the shareholding of our Shareholders immediately following the Listing would be diluted by approximately 0.26% as calculated based on 2,560,000,000 Shares then in issue (without taking into account any Share which may be issued upon any exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme) and the dilution effect on our earnings per Share would be approximately 0.26%.

In addition, we are required to recognize share-based compensation as expenses. Based on an Offer Price of HK$3.47 per Offer Share, being the high-end of the proposed Offer Price range, we estimate that the share-based compensation expenses we will recognize in the four years ending December 31, 2016, December 31, 2017, December 31, 2018 and December 31, 2019 for the Pre-IPO Share Options will amount to approximately HK$1.0 million, HK$5.9 million, HK$2.8 million and HK$1.1 million, respectively. See "E. Pre-IPO Share Option Schemes" in Appendix IV to this prospectus for more information of our Pre-IPO Share Option Scheme.

**RECENT DEVELOPMENTS**

Subsequent to the Track Record Period and up to the Latest Practicable Date, we entered into two memoranda of understanding with two prospective intermediate off-takers for the construction and operation of DPG stations with contract capacity of 30MW and 50MW in Delta State, Nigeria and Medan, Indonesia, respectively. We also entered into a letter of intent with a prospective intermediate off-taker for the construction and operation of a DPG station with contract capacity of 15MW in Rengat, Indonesia. As

the foregoing are subject to legally binding contracts, we are currently in the process of negotiating terms of the operating agreements with the prospective intermediate off-takers.

We have also entered into a memorandum of understanding with our intermediate off-taker for the expansion of our DPG station in Pagla, Bangladesh with an additional contract capacity of 50MW. Please refer to "Risk Factors — Risks Related to Our Business and Industry — We may experience difficulty winning or meeting the obligations of our tenders under our IBO business".

In June and September 2016, we completed the construction of our DPG stations located in Myingyan, Myanmar and Jambi, Indonesia and reached their commercial operation dates, respectively. The two DPG stations have now entered full operation.

In October 2016, the Myanmar Ministry of Electricity and Energy approved the extension of our operating agreement relating to our Kyauk Phyu I DPG station for five years, which is subject to the approval of the cabinet of the Myanmar government.

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial, operational or trading position since May 31, 2016.

## LISTING EXPENSES

Our listing expenses mainly include underwriting commissions and professional fees paid to legal advisers and the Reporting Accountants for their services rendered in relation to the Listing and the Global Offering. The estimated total listing expenses (based on the midpoint of our indicative price range for the Global Offering and assuming that the Over-allotment Option is not exercised, including underwriting commissions) for the Global Offering are approximately HK$104.4 million. As of May 31, 2016, we incurred approximately HK$33.0 million of listing expenses for the Global Offering, of which approximately HK$25.0 million was charged to the combined statements of profit or loss during the Track Record Period, as expenses. The remaining HK$8.0 million was recognized as prepayments, which is expected to be charged against equity upon successful Listing under the relevant accounting standards. We expect to further incur listing expenses of HK$71.4 million in connection with the Global Offering, of which an estimated amount of HK$27.9 million is expected to be recognized as expenses and the remaining amount of HK$43.5 million is expected to be recognized directly as a deduction from equity upon the Listing.

## OFFERING STATISTICS

| | | |
|---|---|---|
| Offer size | : | Initially 21.88% of our enlarged issued share capital |
| Over-allotment Option | : | Up to 15% of our initial Offer Shares |
| Offer Price per Share | : | HK$2.78 to HK$3.47 per Share |
| Offering structure | : | 90% International Offering and 10% Hong Kong Public Offering (subject to reallocation and the Over-allotment Option) |

| | Based on an Offer Price of HK$2.78 | Based on an Offer Price of HK$3.47 |
|---|---|---|
| Market Capitalization | HK$7,116.8 million | HK$8,883.2 million |
| Unaudited pro forma adjusted net tangible assets per Share[(1)] | HK$0.78 | HK$0.93 |

Note:

(1) Please see "Appendix II — Unaudited Pro Forma Financial Information" regarding the assumptions used and the calculations method.

## DIVIDENDS AND DIVIDEND POLICY

We declared dividends of HK$5.4 million and HK$139.5 million in the years ended December 31, 2013 and 2015, respectively, which have already been paid as of December 31, 2015. On May 26, 2016, we also declared a dividend of HK$50.0 million to our shareholders as of December 31, 2015 for the year ended December 31, 2015, which has been fully paid as of June 22, 2016. Investors in the Global Offering and persons becoming Shareholders after the Listing will not be entitled to the aforementioned dividends.

Our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and any circumstances that might reduce the profits that are distributable whether by losses or otherwise, as well as any other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Company Law. Based on our present financial position and business strategies, we currently intend, subject to the above considerations and in the absence of any circumstances which might reduce the profits that are distributable whether by losses or otherwise, to distribute up to 25% of our profit for the year post-Listing to our shareholders. There is no assurance that we will be able to declare dividends of such amount or any amount in any year. In addition, the declaration and/or payment of dividends may be limited by the restrictions in our current or future financing agreements, the availability of distributable reserves and any other legal or regulatory restrictions.

## USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$1,648.4 million (after deducting the underwriting fees and expenses payable by us in the Global Offering), assuming the Over-allotment Option is not exercised and an Offer Price of HK$3.13 per Share, being the mid-point of the offer price range stated in this prospectus. We intend to use these net proceeds for the following purposes:

| Percentage of Net Proceeds | Future Plans | Approximately HK$ in millions |
|---|---|---|
| **55%** | developing and investing in DPG stations for our IBO business through organic expansion, acquisitions or joint ventures by the end of 2018, including:<br>• approximately 30% of the net proceeds (approximately HK$494.5 million) for expanding into new markets (such as Africa, the Middle East and China); and<br>• approximately 25% of the net proceeds (approximately HK$412.1 million) for projects in our existing markets; | 906.6 |
| **20%** | expanding our SI business through organic expansion, acquisitions or joint ventures, including, (a) approximately 5% of the net proceeds (approximately HK$82.4 million) by the end of 2017 for increasing budget for purchasing engines and ancillary equipment, and (b) approximately 15% of the net proceeds (approximately HK$247.4 million) by the end of 2018 for, among other things, (i) enhancing our assembly line for system integration, (ii) remuneration for additional system integration, sales and services staff and (iii) research and development for CHP and power generation using new forms of gas; | 329.8 |

| Percentage of Net Proceeds | Future Plans | Approximately HK$ in millions |
|---|---|---|
| **10%** | (a) building out our domestic and overseas offices and technical support facilities, and (b) strengthening our local presence in key markets for our SI and IBO businesses, including Hong Kong, China, Singapore, Indonesia, Bangladesh, Myanmar and Africa; | 164.8 |
| **5%** | research and development activities that include (i) developing cooperative research and development efforts with engine suppliers and world-renowned universities and research institutes, (ii) engaging external consultants and engineering design houses, (iii) installing new test benches and laboratories, (iv) investing in new mechanical tools and computer systems, (v) enlarging our own research and development team and (vi) purchasing software and expertise to continue to enhance the performance of our PGSs, as well as launch new research initiatives that include broadening the use of our PGSs, such as (a) improving fuel consumption of our gen-sets and PGSs, (b) improving heat recovery, (c) integrating combined heat and cooling modules to cater to a wider client base and (d) enhancing natural gas storage and logistics for a more complete and integrated solution; and | 82.4 |
| **10%** | working capital and other general corporate purposes. | 164.8 |

Our selection criteria of acquisition targets and/or joint venture partners include: (i) whether the acquisition or partnership would enable us to diversify our revenue stream; (ii) whether the acquisition or partnership would strengthen our position in the SI and/or IBO market and in the overall field of DPG generation; (iii) whether the market share of our SI and IBO business would be strengthened; (iv) whether the acquisition or partnership would enable us to access gen-sets, PGSs and DPG stations with promising growth potentials; (v) research and development capabilities of the potential acquisition targets or joint venture partners; and (vi) reputation of the potential acquisition targets or joint venture partners in the relevant SI and IBO markets.

The above use of proceeds sets forth our intended use of our net proceeds and suggested time frames (as applicable) set at the time of this Prospectus and is subject to change based on our financial position and business strategies, which may change over time. In particular, there is no assurance that we would be able to deploy the proceeds in the time frame set forth above.

## RISK FACTORS

Our business faces risks including those set out in "Risk Factors" section in this prospectus. As different investors may have different interpretations and criteria when determining the significance of a risk, you should read the "Risk Factors" section in its entirety before you decide to invest in the Offer Shares.

Some of the major risks that we face include:

- Managing our business in emerging or other overseas markets increases our risks.
- Expanding our business in new and existing markets increases our operational and financing challenges.
- We utilize intermediate off-takers for our DPG stations and the deterioration of such relationships may materially and adversely affect our business.
- The ultimate off-takers of our DPG stations are state-owned utility companies, which subject us to certain risks. For example, during the 1997 Asian financial crisis, the Indonesia Government,

through PLN, one of our ultimate off-takers, renegotiated energy sales contracts with independent power producers. In 2014, PLN also renegotiated to reduce fees in relation to a DPG project unrelated to our Company.

- The business model of our IBO business may not be sustainable.
- CRRC is the primary project co-developer for DPG stations of our IBO business.
- We rely on CNTIC and other EPC contractors and sub-contractors for EPC services for our DPG stations.
- We, our project co-developer and our EPC contractors and sub-contractors rely on local contractors for construction, operation and routine maintenance for our IBO business.
- We may experience difficulty winning or meeting the obligations of our tenders under our IBO business.
- We use engines manufactured by a limited number of manufacturers for our gen-sets, PGSs and DPG stations.
- We rely on a limited number of manufacturers for the key components of our gen-sets, PGSs and DPG stations.
- We have a limited number of ultimate off-takers for our IBO business.
- We primarily obtain engines through CRRC for our SI business.
- Our secured bank loan facilities and finance lease arrangements restrict our ability to exercise full ownership rights over certain of our DPG stations, and would subject us to penalties if we defaulted.
- Currency fluctuations may adversely affect our revenues and costs.
- The volatility and fluctuation of gas and diesel supplies and prices may adversely affect the demand for our gen-sets, PGSs and DPG stations.
- Our IBO business is highly dependent on the entities owned and controlled by governments, whose interests may conflict with our business interests. In particular, governments may prohibit us from removing our PGSs at our DPG stations or institute regulatory changes that could have a material adverse impact on our operations without sufficient compensation, if any.

***In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.***

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| "21st-Century Maritime Silk Road Initiative" or the "Belt and Road Initiative" | a development strategy and framework proposed by the PRC government to promote the connectivity and cooperation among countries primarily in Eurasia, consisting of two main components, the land-based "Silk Road Economic Belt" and the oceanic "Maritime Silk Road" |
| "Accountants' Report" | the report of the Reporting Accountants dated November 14, 2016, the text of which is set out in Appendix I of this prospectus |
| "affiliate" | any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person |
| "Application Form(s)" | **WHITE** Application Form(s), **YELLOW** Application Form(s), **GREEN** Application Form(s) and **PINK** Application Form(s) or, where the context so requires, any of them |
| "Articles" or "Articles of Association" | the articles of association of the Company (as amended from time to time), conditionally adopted on October 24, 2016, a summary of which is set out in Appendix III to this prospectus |
| "ASEAN" | the Association of Southeast Asian Nations |
| "Audit Committee" | a committee of the Board for the purpose of overseeing the accounting and financial reporting processes of our Company, and audits of the financial statements of our Company |
| "Bangladesh" | the People's Republic of Bangladesh |
| "Bergen" | Bergen Engines AS, an engine manufacturer and an affiliate of MTU, or its subsidiaries, all independent third parties |
| "Board" or "Board of Directors" | the board of directors of the Company |
| "BPDB" | Bangladesh Power Development Board, the state-owned entity responsible for the transmission and distribution of power in Bangladesh, an independent third party |
| "business day" | any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business |
| "BVI" | The British Virgin Islands |
| "CAGR" | compound annual growth rate |

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| "Cayman Company Law" | the Companies Law (2013 Revision) of the Cayman Islands, Cap. 22 (Law 3 of 1961), as amended or supplemented or otherwise modified from time to time |
| "CCASS" | the Central Clearing and Settlement System established and operated by HKSCC |
| "CCASS Clearing Participant" | a person admitted to participate in CCASS as a direct participant or a general clearing participant |
| "CCASS Custodian Participant" | a person admitted to participate in CCASS as a custodian participant |
| "CCASS Investor Participant" | a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation |
| "CCASS Participant" | a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant |
| "Chad" | the Republic of Chad |
| "China", "Mainland China" or "the PRC" | the People's Republic of China excluding, for the purpose of this prospectus, Hong Kong, Macau and Taiwan |
| "CNTIC" | China National Technical Import & Export Corporation, a PRC state-owned enterprise specialized in undertaking overseas construction works including overseas EPC power projects, an independent third party |
| "Companies Ordinance" | the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), which came into effect on March 3, 2014 as amended, supplemented or otherwise modified from time to time |
| "Companies (Winding Up and Miscellaneous Provisions) Ordinance" | the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time |
| "Company" or "our Company" or "the Company" or "VPower" | VPower Group International Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability on February 22, 2016 and, except where the context otherwise requires, all of its subsidiaries, or where the context refers to the time before it became the holding company thereof, the Company's present subsidiaries |
| "Controlling Shareholders" | Mr. Lam, Ms. Chan, Sunpower Global Limited, Classic Legend Holdings Limited, Konwell Developments Limited and Energy Garden Limited being our controlling shareholders, each a Controlling Shareholder |

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| "Crest Pacific" | Crest Pacific Investments Limited, a company incorporated in the BVI with limited liability on January 2, 2013 and the holding company of our Group prior to the establishment of our Company |
| "CRRC" | CRRC (Hong Kong) Co. Limited, previously known as CSR (Hong Kong) Co. Limited, a company incorporated in Hong Kong with limited liability on April 7, 2008, a direct wholly-owned subsidiary of CRRC Corporation Limited (Stock Code: 1766.HK) engaging in trading and investment management and one of our existing Shareholders |
| "CRRC Capital" | CRRC Hongkong Capital Management Co., Limited, previously known as CNR (Hong Kong) Corporation Limited, a company incorporated in Hong Kong on August 25, 2010, a subsidiary of CRRC Corporation Limited (Stock Code: 1766.HK) |
| "Cummins" | Cummins Inc., an engine manufacturer, distributor and system integration provider and an independent third party |
| "Deed of Non-competition" | a deed of non-competition entered into on October 24, 2016 between our Company, Sharkteeth Investments and each of the Controlling Shareholders |
| "Director(s)" | the director(s) of the Company |
| "EBITDA" | earnings before finance costs, taxes, depreciation and amortization of intangible assets |
| "Eligible Employee" | any full-time employee of our Group who: (a) is at least 18 years of age; (b) has a Hong Kong address; (c) remains as a full-time employee of our Company or any of our subsidiaries as of the date of this prospectus; (d) has not tendered any resignation or been given any notice of termination of employment on or before the date of this prospectus; (e) is neither a, nor an associate of a, chief executive or director of our Company or our subsidiaries; (f) is neither an, nor an associate of an, existing beneficial owner of any Shares or shares of any of our subsidiaries; and (g) is not a connected person of our Company |
| "Employee Preferential Offering" | the offer of the Employee Reserved Shares for subscription by the Eligible Employees |
| "Employee Reserved Shares" | the 1,680,000 Offer Shares being initially offered pursuant to the Employee Preferential Offering and which are to be allocated out of the Hong Kong Offer Shares |

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| "EPA" | The United States Environmental Protection Agency |
| "EPGE" | Electric Power Generation Enterprise, (formally known as Myanmar Electric Power Enterprise), a state-owned utilities company in Myanmar, and any successor company |
| "EUR" or "Euro(s)" | the lawful currency of the member states of the European Union |
| "European Union" | a union of 28 independent states that are located primarily in Europe |
| "F.K." | F.K. Generators & Equipment Ltd., a power solutions provider, or its subsidiaries, all of which are independent third parties |
| "Frost & Sullivan" | Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent global market research and consulting company |
| "GDP" | gross domestic product |
| "Ghana" | the Republic of Ghana |
| "Global Offering" | the Hong Kong Public Offering and the International Offering |
| "***GREEN*** Application Form(s)" | the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited |
| "Group," "our Group," "the Group," "we," "us," or "our" | our Company and our subsidiaries and, in respect of the period before we became the holding company of our present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be) |
| "HKFRS" | Hong Kong Financial Reporting Standards (which also include the Hong Kong Accounting Standards and Interpretations) |
| "HKSCC" | Hong Kong Securities Clearing Company Limited |
| "HKSCC Nominees" | HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC |
| "Hong Kong" or "HK" | the Hong Kong Special Administrative Region of the PRC |
| "Hong Kong dollars" or "HK dollars" or "HK$" | Hong Kong dollars, the lawful currency of Hong Kong |
| "Hong Kong Offer Shares" | the 56,000,000 Shares being initially offered by the Company for subscription at the Offer Price under the Hong Kong Public Offering, which includes the 1,680,000 Employee Reserved Shares being initially offered by the Company for subscription by Eligible |

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| | Employees at the Offer Price under the Employee Preferential Offering (subject to adjustments as described in the section headed "Structure of the Global Offering" in this prospectus) |
| "Hong Kong Public Offering" | the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong, which includes the Employee Reserved Shares for subscription by the Eligible Employees, at the Offer Price |
| "Hong Kong Share Registrar" | Computershare Hong Kong Investor Services Limited |
| "Hong Kong Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "Hong Kong Underwriters" | the underwriters of the Hong Kong Public Offering listed in the section headed "Underwriting — Hong Kong Underwriters" in this prospectus |
| "Hong Kong Underwriting Agreement" | the Hong Kong underwriting agreement dated November 10, 2016 relating to the Hong Kong Public Offering and entered into by our Company, the Controlling Shareholders, the Joint Global Coordinators and the Hong Kong Underwriters |
| "IDR" or "Indonesian Rupiah" | Indonesia Rupiah, the legal currency of Indonesia |
| "independent third party(ies)" | an individual(s) or a company(ies) who or which is/are not connected (within the meaning of the Listing Rules) with any directors, chief executive or substantial shareholders (within the meaning of the Listing Rules) of us, our subsidiaries or any of their respective associates |
| "Indonesia" | the Republic of Indonesia |
| "International Offer Shares" | the 504,000,000 Shares being initially offered by the Company for subscription at the Offer Price under the International Offering together with, where relevant, any additional Shares which may be issued by us pursuant to the exercise of the Over-allotment Option (subject to adjustments as described in the section headed "Structure of the Global Offering" in this prospectus) |
| "International Offering" | the offer of the International Offer Shares at the Offer Price outside the United States in offshore transactions in accordance with Regulation S or any other available exemption from registration under the U.S. Securities Act |
| "International Underwriters" | the group of underwriters, led by the Joint Global Coordinators, that is expected to enter into the International Underwriting Agreement to underwrite the International Offering |

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| "International Underwriting Agreement" | the international underwriting agreement relating to the International Offering, which is expected to be entered into by, among others, the Joint Global Coordinators, the Joint Bookrunners, the International Underwriters and our Company and the Controlling Shareholders on or about November 18, 2016 |
| "Joint Bookrunners" and "Joint Lead Managers" | BOCI Asia Limited, Citigroup Global Markets Asia Limited (in relation to the Hong Kong Public Offering), Citigroup Global Markets Limited (in relation to the International Offering), CMB International Capital Limited, Haitong International Securities Company Limited and The Hongkong and Shanghai Banking Corporation Limited (in alphabetical order) |
| "Joint Global Coordinators" | BOCI Asia Limited and Citigroup Global Markets Asia Limited (in alphabetical order) |
| "Joint Sponsors" | BOCI Asia Limited and Citigroup Global Markets Asia Limited (in alphabetical order) |
| "Komatsu" | Komatsu Ltd., an engine manufacturing, construction and mining equipment company, or its subsidiaries, all independent third parties |
| "Latest Practicable Date" | November 5, 2016, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus |
| "Listing" | the listing of the Shares on the Main Board of the Hong Kong Stock Exchange |
| "Listing Committee" | the listing committee of the Hong Kong Stock Exchange |
| "Listing Date" | the date, expected to be on or about November 24, 2016 on which the Shares are listed on the Hong Kong Stock Exchange and from which dealings in the Shares are permitted to commence on the Hong Kong Stock Exchange |
| "Listing Rules" | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time |
| "Macau" | the Macao Special Administrative Region of the PRC |
| "Main Board" | the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange |
| "Memorandum" or "Memorandum of Association" | the memorandum of association of the Company (as amended from time to time), conditionally adopted on February 22, 2016, a summary of which is set out in Appendix III to this prospectus |

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| "Millennium Fortune" | Millennium Fortune Corporation, a company incorporated in the BVI as a BVI business company on July 1, 2015 and one of our existing Shareholders |
| "Mr. Au-Yeung" | Mr. AU-YEUNG Tai Hong Rorce, our executive Director |
| "Mr. Castiel" | Mr. Joel CASTIEL, our consultant |
| "Mr. Cheung" | Mr. CHEUNG Yeung Earnest, our senior management |
| "Mr. K S Chan" | Mr. CHAN Kam Shing, our senior management |
| "Mr. Lam" | Mr. LAM Yee Chun, husband of Ms. Chan and our executive Director |
| "Mr. Lee" | Mr. LEE Chong Man Jason, our executive Director |
| "Mr. Li" | Mr. LI Kin Kwok, our employee |
| "Mr. Lo" | Mr. LO Siu Yuen, our executive Director |
| "Mr. Y C Chan" | Mr. CHAN Yat Chor, our employee and brother of Ms. Chan |
| "Ms. Chan" | Ms. CHAN Mei Wan, wife of Mr. Lam and sister of Mr. Y C Chan, our non-executive Director |
| "Ms. Tang" | Ms. TANG Wenjing, our employee |
| "MTU" | MTU Friedrichshafen GmbH, a leading engine manufacturer incorporated in Germany, or its subsidiaries, all independent third parties |
| "Myanmar" | the Republic of the Union of Myanmar |
| "NDRC" | the National Development and Reform Commission of the PRC |
| "NOK or Norwegian krones" | Norwegian krones, the legal currency of the Kingdom of Norway |
| "Nomination Committee" | a committee of the Board to discharge the Board's responsibilities of relating to the nomination of Directors and senior management of our Company |
| "Offer Price" | the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%) |
| "Offer Share(s)" | the Hong Kong Offer Shares and the International Offer Shares together with, where relevant, any additional Shares which may be issued by us pursuant to the exercise of the Over-allotment Option |

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| "Orient Profit" | Orient Profit Investment Limited, a company incorporated in Hong Kong with limited liability on August 9, 2004, wholly owned by Ms. Chan and a connected person of our Company |
| "Over-allotment Option" | the option expected to be granted by us to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters), pursuant to which we may be required to allot and issue up to an aggregate of 84,000,000 Shares at the Offer Price to, among other things, cover over-allocations in the International Offering, if any |
| "Philippines" | the Republic of the Philippines |
| "***PINK*** Application Form(s)" | the application form(s) for use by Eligible Employees to subscribe for the Employee Reserved Shares pursuant to the Employee Preferential Offering |
| "PLN" | PT. PLN (Persero), an Indonesian government-owned corporation |
| "Pre-IPO Share Option Scheme" | the pre-IPO share option scheme of our Company, adopted pursuant to a resolution of our Shareholders on October 24, 2016, the principal terms of which are summarized in the section headed "Statutory and General Information — E. Pre-IPO Share Option Scheme" in Appendix IV to this prospectus |
| "Pre-IPO Share Options" | the share options granted pursuant to the Pre-IPO Share Option Scheme |
| "Price Determination Date" | the date, expected to be on or about November 18, 2016 and, in any event, not later than November 23, 2016 on which the Offer Price is determined by agreement between our Company and the Joint Global Coordinators (on behalf of the Underwriters) |
| "Project Income Agreement" | the project income agreement dated May 30, 2016 between VPower Technology Limited and VPower Technology Chad as further described in the "Connected Transactions" section |
| "QIBs" | qualified institutional buyers as defined in Rule 144A |
| "QPME" | Quality Power Mechanical Equipment approved by the Environmental Protection Department of the government of Hong Kong |
| "Regulation S" | Regulation S under the U.S. Securities Act |
| "Remuneration Committee" | a committee of the Board to discharge the Board's responsibilities relating to the remuneration of Directors and executive officers of our Company |

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| "Reorganization" | the reorganization of the group of companies now comprising our Group conducted in preparation for the Listing, details of which are set out in the section headed "History, Reorganization and Corporate Structure" of this prospectus |
| "Reporting Accountants" | Ernst & Young |
| "RMB" | Chinese Renminbi, the lawful currency of the PRC |
| "Rule 144A" | Rule 144A under the U.S. Securities Act |
| "Saudi Arabia" | the Kingdom of Saudi Arabia |
| "SFC" | the Securities and Futures Commission of Hong Kong |
| "SFO" | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time |
| "Share(s)" | ordinary share(s) in the capital of the Company with nominal value of HK$0.10 each |
| "Share Option Scheme" | the share option scheme of our Company, conditionally adopted pursuant to a resolution of our Shareholders on October 24, 2016, the principal terms of which are summarized in the section headed "Statutory and General Information — D. Share Option Scheme" in Appendix IV to this prospectus |
| "Shareholder(s)" | holder(s) of Shares |
| "Sharkteeth Investments" | Sharkteeth Investments Limited, a company incorporated in the BVI with limited liability and held as to 57.6% by Mr. Lam, 19.2% by Ms. Chan, 9.6% by Mr. Lee, 9.6% by Ms. Tang and 4.0% by CRRC and a connected person of our Company |
| "Singapore" | the Republic of Singapore |
| "South Korea" | the Republic of Korea |
| "Stabilizing Manager" | Citigroup Global Markets Asia Limited |
| "Stock Borrowing Agreement" | the stock borrowing agreement expected to be entered into on or about the Price Determination Date between the Stabilizing Manager and Energy Garden Limited, pursuant to which the Energy Garden Limited will agree to lend up to 84,000,000 Shares to the Stabilizing Manager on terms set forth therein |
| "S$" | Singapore dollars, the legal currency of Singapore |
| "Thailand" | the Kingdom of Thailand |

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| "the UAE" | the United Arab Emirates |
| "Track Record Period" | the three financial years of the Company ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2016 |
| "Underwriters" | the Hong Kong Underwriters and the International Underwriters |
| "Underwriting Agreements" | the Hong Kong Underwriting Agreement and the International Underwriting Agreement |
| "U.S." or "United States" | the United States of America |
| "U.S. dollars" or "US$" | U.S. dollars, the lawful currency of the United States of America |
| "U.S. Securities Act" | the United States Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder |
| "VGH" | VPower Group Holdings Limited, a company incorporated in Hong Kong with limited liability on June 11, 2007 and a subsidiary of our Company |
| "VPower Chad" | VPower Technology Company Limited, a company incorporated in the BVI with limited liability on December 16, 2013, wholly owned by Sharkteeth Investments and a connected person of our Company |
| "VPower Eco Energy" | VPower Eco Energy Pte. Limited, a company incorporated in Singapore with limited liability on September 29, 2014 wholly owned by VPower Eco Energy Holdings and a connected person of our Company |
| "VPower Eco Energy Holdings" | VPower Eco Energy Holdings Pte. Limited, a company incorporated in Singapore with limited liability on September 26, 2014 held by Mr. Lam as to 62.5% and a connected person of our Company |
| "VPower Group Holdings (Singapore)" | VPower Group Holdings (Singapore) Pte. Limited, a company incorporated in Singapore with limited liability on September 23, 2014 and a subsidiary of our Company |
| "VPower Technology Chad" | VPower Technology Chad Limited, a company incorporated in Chad with limited liability on January 9, 2014 and a connected person of our Company |
| "VPower (Africa)" | VPower Group Holdings (Africa) Limited, a company incorporated in the BVI with limited liability on November 18, 2013 and a subsidiary of our Company |
| "VPower (China)" | VPower Engineering (China) Limited, a company incorporated in Hong Kong with limited liability on October 11, 2002 and a subsidiary of our Company |

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| "VPower (Shenzhen)" | VPower Engineering (Shenzhen) Limited, a company incorporated in the PRC with limited liability on November 27, 2003 and a subsidiary of our Company |
| "VPower (Singapore)" | VPower Holdings (Singapore) Pte. Limited, a company incorporated in Singapore with limited liability on September 23, 2014 and a subsidiary of our Company |
| "West-to-East Gas Pipeline Project" | a set of natural gas pipelines which runs from western China to eastern China |
| "***WHITE*** Application Form(s)" | the application form(s) for use by members of the public who require(s) such Hong Kong Offer Shares to be issued in the applicants' or applicant's own name(s) |
| "White Form eIPO" | the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of White Form eIPO **www.eipo.com.hk** |
| "White Form eIPO Service Provider" | Computershare Hong Kong Investor Services Limited |
| "***YELLOW*** Application Form(s)" | the application form(s) for use by members of the public who require(s) such Hong Kong Offer Shares to be deposited directly into CCASS |

In this prospectus, the terms "associate," "close associates," "connected person," "connected transaction," "controlling shareholder," "core connected person," "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

Unless otherwise specified, all references to any shareholding in our Company in this prospectus assume no exercise of the Over-allotment Option and any options which have been or may be granted under the Pre-IPO Share Option Scheme or Share Option Scheme.

English translations of the names of certain entities, enterprises, nationals, facilities and regulations which were originally in other languages have been included in this prospectus for identification purposes only. To the extent there is any inconsistency between the names of these entities, enterprises, nationals, facilities, regulations and their English translations, the names in their original languages shall prevail.

***This glossary of technical terms contains terms used in this prospectus as they relate to our business. As such, these terms and their meanings may not always correspond to standard industry meaning or usage of these terms.***

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|---|---|
| "absorption chiller" | device that uses heat to drive the refrigeration cycle |
| "alternator" | one of the major components to a gen-set, which generates electricity from the mechanical movement of an engine |
| "bcm" | billion cubic meters, normally used to describe consumption and production of natural gas measured |
| "biogas" | gaseous fuel produced by the fermentation of organic matter, whereby a mixture of methane and carbon dioxide is produced by bacterial decomposition of sewage, manure, garbage or plant crops |
| "CCHP" | combined cooling, heating and power, the simultaneous generation of electricity, cooling and thermal energy from power facilities |
| "CHP" | combined heating and power, the simultaneous generation of electricity and thermal energy from power facilities |
| "CNG" | compressed natural gas, pressurized natural gas in a gaseous state, mainly composed of methane and ethane, which has been stored and distributed at a high pressure, typically in cylindrical or spherical containers |
| "$CO_2$" | carbon dioxide |
| "combined cycle" | an assembly of heat engines that work in tandem from the same source of heat, converting it into mechanical energy, which in turn usually drives electrical generators |
| "continuous operating power" or "continuous operation" | the rating given to gen-sets that are relied upon for all power needs or supplying utility power continuously to a grid at base load, which means they are capable of supplying power at a constant 100% of the rated output for an unlimited number of hours per year and, depending on the specification of engine manufacturers, 0 to 10% overload capability, typically in lieu of utility power |
| "contract capacity" | the power generating capacity of the DPG stations that we are required to provide by contract. Installed capacity is generally 10% to 20% more than contract capacity, allowing for the PGS to be offline for a period of time for routine on-site maintenance |
| "cooling radiator" | a radiator that enables efficient heat transfer |
| "CPG" | centralized power generation, or the large-scale generation of electricity at centralized facilities, typically 50MW to 2GW in size and far from load centers |

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| "DC" | direct current |
| "DC charging system" | a charging system for direct current, usually consisting of batteries, a battery charging system, cabling and an isolating protection device |
| "dispatch" | a system that assigns electricity generation to specific areas |
| "distribution system" | a system that distributes power on the transmission grid |
| "DPG" | distributed power generation, or sometime referred to as decentralized power generation, typically 10MW to 200MW in size with the power generation site close to end-users |
| "electronic gen-set control system" | a system that controls the key internal components of the internal combustion engine in a gen-set |
| "emergency standby power" | the rating given to gen-sets that are used for emergency power for a limited duration during a power outage, which means they are capable of supplying power at no more than 70 to 85% of the rated output and 200 to 500 hours of operation per year and do not have built-in overload capabilities |
| "EPA Tier 2" | EPA Tier 2 emission standards adopted by the EPA for non-road diesel engines |
| "EPC" | engineering, procurement and construction, a particular form of contracting arrangement used in some industries where the EPC contractor is made responsible for all the activities from design, procurement, construction, to commissioning and handover of the project to the end-user or owner |
| "fast-track" | a sub-segment of the DPG industry where winners of the open tender for the DPG project are required to commence commercial operation typically within 12 months of being awarded the project |
| "fuel system" | a system that manages fuel with fuel filtration, metering, pressurize control and re-filling system |
| "gen-set" | an electricity generation unit, in the case of engine-based gen-sets, an integration of engines with ancillary devices such as electronic gen-set controllers, alternators, heat exchanger or cooling radiator systems and other wiring and connections |
| "GW" | gigawatt, a billion watts, a measure of power |

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| "heat exchanger" | one of the major components of a cooling system to a gen-set, a device used to transfer heat between one or more fluids |
| "HFO" | heavy fuel oil, a fraction obtained from petroleum distillation |
| "high-speed engine" | engine that runs at speeds greater than or equal to 1200 rpm |
| "Hz" | hertz, a measurement of frequency |
| "IBO" | investment, building and operating |
| "industry-grade DPG" | DPG that is not grid-connected, typically for industrial companies |
| "installed capacity" | the maximum power generating capacity of the DPG station based on aggregate capacity of PGSs installed |
| "integrate" | the engineering, design and assembly of technological components to create a well-functioning system |
| "intermediate off-takers" | the counterparty to our operating agreements who dispatch electricity from our DPG stations to ultimate off-takers, generally utility companies |
| "ISO" | International Organization for Standardization, an independent standard setting body |
| "ISO container" | a large standardized shipping container, identifiable through a individual and unique ISO 6346 reporting mark |
| "kV" | kilovolt, a thousand volts, a measure of electric potential difference |
| "kW" | kilowatt, a thousand watts, a measure of power |
| "kWh" | kilowatt hour, the amount of energy that would be produced in one hour at one thousand watts of power |
| "landfill gas" | biogas generated from the decomposition of organic materials in a landfill, typically containing approximately 50% methane |
| "large gen-set" | a gen-set that is greater than or equal to 800kV, generally used by heavy-duty industrial users or utility-grade power producers |
| "LFO" | light fuel oil, a light distillate fuel oil that can be generally used as diesel fuel oil |
| "LNG" | liquefied natural gas, the liquefied state of natural gas created by cooling the gas to about -260 degree Fahrenheit |

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| "LoA" | letter of acceptance |
| "load center" | a location from where high demand for electricity originates |
| "master control monitoring system" | a system that integrates the gen-set monitoring, functioning and protection with all auxiliary devices |
| "medium-speed engine" | engine that runs at speeds between 720 rpm and 1200 rpm |
| "minimum contracted capacity" | for continuous operating DPG stations, the capacity subject to a take-or-pay obligation or a minimum guaranteed off-take amount<br><br>for peak-shaving DPG stations, the capacity that the off-taker pays to reserve a minimum power generation capacity at all times |
| "MW" | megawatt, a million watts, a measure of power |
| "MWh" | megawatt hour, the amount of power that would be produced in one hour at one million watt of power |
| "MW-months" | calculated by multiplying the contract capacity for a particular DPG station by the remaining duration (in months) of the contract |
| "non-dispatchable power" | electrical energy that cannot be switched on or off in order to meet fluctuating demands for electricity |
| "NOx" | mono-nitrogen oxides |
| "O&M" | operations and maintenance |
| "paralleling system" | a system used to link and control multiple gen-sets |
| "peak-shaving" | the reduction of the amount of electricity drawn from a power utility during utility-designated peak time periods by, among other methods, installing PGSs, or energy saving devices or may simply involve reducing usage during peak hours |
| "PGS" | power generation system, produced from integrating gen-sets and ancillary equipment and housed in a power house, an enclosed soundproof canopy or an ISO container |
| "plug-and-play" | a device that is easy to deploy and redeploy |
| "PPA" | a power purchase agreement |
| "prime power" | the rating given to gen-sets that are used for a limited or unlimited number of hours per year in a variable electrical load application, which means the average output load factor does not exceed 70% to 75% of the rated output |
| "rpm" | revolutions per minute, a measure of the frequency of rotation, specifically the number of rotations around a fixed axis in one minute |

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| "secured installed capacity" | the power generating capacity of the DPG stations that are in operation and under construction |
| "SI" | system integration, or the design and integration of gen-sets, ancillary equipment and PGSs |
| "simple cycle" | type of gas turbine most frequently used in power generation, aviation (jet engine), and oil and gas (electricity generation and mechanical drives), differing from a combined cycle operation in that it has only one power cycle (i.e. no provision for waste heat recovery) |
| "sound attenuation system" | a system which is used to reduce sound emissions |
| "soundproof canopy PGS" | a PGS enclosed in a casing design to reduce noise from operations |
| "take-or-pay" | a provision written into a contract whereby one party has the obligation of either taking delivery of a certain amount of goods or services and paying for them or paying a specified minimum amount |
| "TPG" | temporary power generation, typically 16kW to 25MW in size with a power generation site close to end-users and intended only for temporary use |
| "transmission grid" | an interconnected network for delivering electricity from suppliers to consumers |
| "transmission losses" | the losses in transmissions between sources of supply and points of distribution, expressed as a percentage of output |
| "turbine" | a rotary mechanical device that extracts energy from a fluid flow and converts it into useful work |
| "T&D" | transmission, transformation, distribution and use of electricity |
| "ultimate off-takers" | the ultimate entity that purchases the power produced by DPG stations, either directly or indirectly, for the purposes of dispatching the electricity to end users through the transmission grid |
| "utility-grade DPG" | grid-connected distributed power generation for utility companies |
| "ventilation system" | a system that effects forced convection of air |

This prospectus contains certain forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words "aim," "anticipate," "believe," "could," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "seek," "should," "will," "would" and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operation and business prospects;
- our ability to maintain and enhance our market position;
- future developments, trends, competition and conditions in the industries and markets in which we operate;
- our ability to successfully implement any of our business strategies and plans to achieve these strategies;
- currency fluctuations and general economic, political and business conditions in the jurisdictions in which we operate;
- market demand for electricity and government policies on electrification;
- developments in or changes to the laws, regulations, governmental policies, taxation, operating conditions and general outlook in the industries and markets in which we operate;
- the actions of and developments affecting our strategic partners, major customers and suppliers;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- changes in the availability of, or new requirements for financing;
- the costs and availability of engine, gen-sets, spare parts or other components and our ability to control or reduce these and other costs;
- our dividend policy;
- our capital expenditure plans;
- the amount and nature of, and potential for, future development of our business;
- our success in accurately identifying future risks to our business and managing the risks as set out in the section headed "Risk Factors";
- competition from DPG systems and other fuel types or other actions of and developments affecting our competitors; and
- certain statements included in the section headed "Financial Information" in this prospectus with respect to operations, margins, overall market trends, risk management and exchange rates.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks materialize or should underlying assumptions prove to be incorrect, our financial condition and actual results of operations may be materially and adversely affected and may vary significantly from those estimated, anticipated or projected, as well as from historical results.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect or at all. Accordingly, the forward-looking statements are not a guarantee of future performance and you should not place undue reliance on any forward-looking information. Moreover, the inclusion of forward-looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realized. All forward-looking statements in this prospectus are qualified by reference to the cautionary statements in this section.

In this prospectus, statements of or references to our intentions or those of the Directors are made as of the date of this prospectus. Any such information may change in light of future developments.

***An investment in our Shares involves various risks. Before investing in us, you should carefully consider all of the information set forth in this prospectus, and in particular, the specific risks set out below. Any of the risks and uncertainties described below could have a material adverse effect on our business, financial condition and results of operations or the trading price of the Shares, and could cause you to lose your investment. You should pay particular attention to the fact that we conduct our operations in the emerging markets and the PRC, the legal and regulatory environment of which may differ in some respects from that which prevails in other markets. Please be cautioned that the risks and uncertainties described below are not exhaustive.***

## RISKS RELATED TO OUR BUSINESS AND INDUSTRY

***Managing our business in emerging or other overseas markets increases our risks.***

We have adopted a global business model and maintain significant operations and facilities in China, Singapore, Indonesia, Bangladesh, Myanmar and other countries. We derived 79.4% and 74.0% of our total revenue from sales under our SI business to Asia in 2015 and the five months ended May 31, 2016, respectively. We derived 9.0%, 7.6% and 3.8% of our total revenue in 2015 from the DPG stations under our IBO business in Indonesia, Bangladesh and Myanmar, respectively. For the five months ended May 31, 2016, we derived 9.9%, 7.5% and 8.6% of our total revenue from the DPG stations under our IBO business in Indonesia, Bangladesh and Myanmar, respectively.

The following table shows our gross profit contribution and proportion of our fixed assets of our IBO businesses in Indonesia, Bangladesh and Myanmar to total assets of our Group for the period and as of the date indicated:

| | Gross Profit Contribution (%) | | | | Fixed Assets to Total Assets (%) | | | |
|---|---|---|---|---|---|---|---|---|
| | Year ended | | | Five months ended | As of | | | |
| | December 31, 2013 | December 31, 2014 | December 31, 2015 | May 31, 2016 | December 31, 2013 | December 31, 2014 | December 31, 2015 | May 31, 2016 |
| Indonesia .... | 22.5 | 19.3 | 16.9 | 16.3 | 12.1 | 23.4 | 19.9 | 18.6 |
| Bangladesh .. | 8.1 | 20.7 | 18.7 | 18.7 | 2.2 | 11.3 | 6.1 | 5.6 |
| Myanmar .... | 0.0 | 0.0 | 5.8 | 16.6 | 0.0 | 0.1 | 6.8 | 13.0 |

As of the Latest Practicable Date, the aggregate installed capacity of our DPG stations in operation located in Indonesia, Bangladesh and Myanmar was 198.7MW, 58.8MW and 249.6MW, respectively, representing 39.2%, 11.6% and 49.2% of the aggregate installed capacity of all of our DPG stations in operation, respectively. There is no guarantee that we will be able to relocate our gen-sets and PGSs in case of terrorist activities, unforeseen political events or other circumstances, even if our assets are otherwise designed to be redeployable. If our projects in Indonesia, Bangladesh and Myanmar were all simultaneously adversely affected by such circumstances, and if we were unable to enter into contracts in these countries or relocate our assets, we would suffer a maximum potential loss of the asset value of all our DPG stations (i.e. machinery and equipment) as of May 31, 2016 of HK$1,033.9 million, without taking account of any payout of the insurance policies that we maintain.

The following table provides the major risk indices for each existing and potential new market where our IBO business operates for the years indicated:

| | 2013 | | | | | |
|---|---|---|---|---|---|---|
| | **Indonesia** | **Bangladesh** | **Myanmar** | **Ghana** | **Nigeria** | **Saudi Arabia** |
| Transparency International Corruption Perceptions Index [1] | 114/177 | 136/177 | 157/177 | 63/177 | 144/177 | 63/177 |
| Standard & Poor sovereign credit rating | BB+ / stable | BB- / stable | Not rated | B / negative | B / stable | A- / stable |
| World Bank distance to frontier score [2] | 58.80/100 [4] | 47.47/100 [5] | 43.13/100 | 67.34/100 | 43.74/100 [6] | 70.21/100 |
| Sinosure ranking [3] | 6/9 | 7/9 | 7/9 | 6/9 | 7/9 | 4/9 |

| | 2014 | | | | | |
|---|---|---|---|---|---|---|
| | **Indonesia** | **Bangladesh** | **Myanmar** | **Ghana** | **Nigeria** | **Saudi Arabia** |
| Transparency International Corruption Perceptions Index [1] | 107/175 | 145/175 | 156/175 | 61/175 | 136/175 | 55/175 |
| Standard & Poor sovereign credit rating | BB+ / stable | BB- / stable | Not rated | B- / stable | B / stable | A- / stable |
| World Bank distance to frontier score [2] | 56.81/100 | 49.14/100 | 43.93/100 | 66.57/100 | 47.87/100 | 69.80/100 |
| Sinosure ranking [3] | 6/9 | 7/9 | 7/9 | 6/9 | 7/9 | 4/9 |

| | 2015 | | | | | |
|---|---|---|---|---|---|---|
| | **Indonesia** | **Bangladesh** | **Myanmar** | **Ghana** | **Nigeria** | **Saudi Arabia** |
| Transparency International Corruption Perceptions Index [1] | 88/168 | 139/168 | 147/168 | 56/168 | 136/168 | 48/168 |
| Standard & Poor sovereign credit rating | BB+ / positive | BB- / stable | Not rated | B- / stable | B / stable | A- / stable |
| World Bank distance to frontier score [2] | 59.15/100 | 46.84/100 | 43.55/100 | 65.24/100 | 42.72/100 | 62.69/100 |
| Sinosure ranking [3] | 5/9 | 7/9 | 7/9 | 6/9 | 8/9 | 4/9 |

Notes:

(1) A lower index indicates lower corruption perception.

(2) A higher score indicates better regulatory performance.

(3) A higher ranking indicates higher credibility.

(4) Score was measured for Jakarta, Indonesia in 2013.

(5) Score was measured for Dhaka, Bangladesh in 2013.

(6) Score was measured for Lagos, Nigeria in 2013.

Our corporate management team and Directors are primarily based in Hong Kong and we have appointed managers to oversee our regional operations. The global nature of our business may stretch our management resources as well as make it difficult for our corporate management to effectively monitor local execution teams. The global nature of our operations and limited resources of our management may create unforeseeable and insurmountable difficulties, risks, situations, uncertainties and challenges when executing our strategy and conducting operations across multiple jurisdictions and in different time zones. If such challenges evolve and develop and we cannot cope with them in a satisfactory manner, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our business is subject to diverse and constantly changing economic, operational, regulatory, social and political conditions in the jurisdictions in which we operate, including:

- changes in legislation, administrative rules and orders, or their interpretation;
- economic and financial conditions, including the stability of credit markets, foreign currency controls;
- the supply and prices of other energy products globally or in the relevant jurisdictions;
- fluctuations in foreign currency exchange rates;
- increased costs associated with understanding the overseas markets and anticipating future trends;
- difficulties in staffing and managing personnel in local jurisdictions;
- difficulties in developing appropriate risk management and internal control structures;
- difficulties and increased costs relating to compliance with different commercial, regulatory and legal requirements, including environmental, safety, health and other labor laws and regulations;
- political risks, including risks of changes in types of taxes, tax rates, restrictive measures, expropriation and nationalization of assets, potential losses due to civil unrests, acts of terrorism and war, regional and global political or military tensions, strained or altered foreign relations, and trade protectionism, restrictions or embargoes;
- reliance on governments, utility companies and other entities for land, power, water, telecommunications, transportation and other utilities or infrastructure needs;
- failure to obtain or maintain licenses or certifications for our services and products in these markets; and
- failure of our contractual counterparties to honor their obligations to us and potential disputes with clients, contractors, suppliers or local residents or communities.

As with populist political trends that have become more prevalent in certain countries in the world, some of the governments or authorities or political pressure groups in countries where we operate might seek to increase government involvement in regulating economic activity, including the energy sector,

which could result in the introduction of additional political factors in economic decisions. For example, Bolivia has experienced political and economic instability that has resulted in significant changes in its general economic policies and regulations and the adoption of a new constitution in 2006 that, among other things, prohibits private ownership of certain oil and gas resources. In May 2010, the Bolivian government nationalized Empresa Eléctrica Guaracachi S.A., Empresa Eléctrica Valle Hermoso S.A. and Empresa Eléctrica Corani S.A., each a significant power generation company in Bolivia. In May 2012, the Bolivian government nationalized Transportadora de Electricidad S.A., a transmission company that had previously operated as a subsidiary of Red Eléctrica de España. In December 2012, Electricidad de La Paz S.A. (Electropaz) and Empresa de Luz y Fuerza de Oruro S.A. (Elfeo) — companies which had no previous ownership relationship with the Bolivian government — were also nationalized. We could face nationalization risks in the countries in which we operate as well. Although we have purchased insurance policies for any expropriation of our assets in Indonesia, Bangladesh and Myanmar, the insurance policies do not cover the entire value of our project assets. Even if we were to receive fair compensation for the nationalization of any of our assets, we would have greater operational risk in continuing to operate in a country where nationalization had taken place, which may impede our expansion into such a country and limit the execution of our expansion strategy. Furthermore, any expropriation of our assets would deprive us of an immediate source of cash flow, which could affect our immediate ability to finance our debt. Therefore, the nationalization of any of our DPG stations, even if fair compensation for such nationalization is received, could have a material adverse effect on our business, financial condition, results of operations or liquidity.

To the extent that our business operations are affected by unexpected and adverse economic, regulatory, social and political conditions in the jurisdictions in which we have operations, we may experience project disruptions, loss of assets and personnel, and other indirect losses that could adversely affect our business, financial condition and results of operations. If any of the risks described above materialize, or if we are unable to manage these risks effectively, our ability to manage our international business would be undermined, which may in turn materially and adversely affect our business, financial condition, results of operations and prospects.

***Expanding our business in new and existing markets increases our operational and financing challenges.***

We intend to further grow our business in new and existing markets, particularly in Southeast Asia and other areas where we expect significant near-term growth in the demand for distributed energy. For our SI business, we intend to increase our sales in our existing and new markets. For our IBO business, we intend to increase our installed capacity in our existing markets and to develop new DPG stations in new markets. Our expansion requires improvements in our operational, financial and internal controls. We must also maintain our access to funding. An inability to manage or finance such growth could materially affect our business prospects.

Other difficulties executing this growth strategy, particularly in new jurisdictions we may enter, include:

- accurately identifying and prioritizing geographic markets for entry, including estimates on market demand;
- securing suitable projects with desirable profit margins;
- locating reliable, competent and suitable intermediate off-takers;

- obtaining import permits in a timely manner or at all;
- safely transporting required equipment to the project site on schedule;
- obtaining construction, environmental and other permits and approvals on our own or with our intermediate or ultimate off-takers;
- installing and commissioning the equipment for power generation;
- managing local operational, capital investment or components sourcing regulatory requirements;
- identifying, attracting and retaining qualified development specialists, technical engineering specialists and other personnel;
- securing sufficient cost-competitive financing on attractive terms;
- increasing our production capacity to address growing market need;
- operating and maintaining PGSs and DPG stations to maintain the power output and system performance; and
- collecting fees as expected.

Moreover, as we enter new markets in different jurisdictions, we will face different regulatory regimes, business practices, governmental requirements and industry conditions. As a result, our prior experience and knowledge in other jurisdictions may not be directly applicable, and we may need to devote substantial resources to familiarizing ourselves with the new environment and conditions. To the extent that we are not able to expand effectively, our business, financial condition, results of operations and prospects may be materially or adversely affected.

***The business model of our IBO business may not be sustainable.***

Our IBO business involves the investment, building, leasing and operation, in collaboration with off-takers, of DPG stations, typically in locations where permanent power stations are unable to provide CPG. For more information on the types of power generation projects, please refer to "Industry Overview — Power Generation Project Types." As permanent power stations require a substantial amount of upfront capital and time to construct and rely on an established infrastructure, we are able to provide an intermediate power solution for utility companies and government authorities in emerging markets before these permanent power stations and relevant infrastructure can be constructed. However, these permanent power stations, once constructed, could have a competitively lower fuel cost than our DPG stations through achieving economies of scale and be able to generate electricity more competitively. If permanent power stations were to be constructed in any of the regions in which we operate, we may be forced to operate in peak-shaving modes in the long-term and may have to lower our prices to reflect an increase in market supply, or, be forced to relocate the PGSs at our DPG stations to another location if we are unable to do so, which would lead us to incur additional costs and materially and adversely affect our business, prospects, financial condition and results of operations. Furthermore, if the cost and time to construct permanent power stations and relevant infrastructure decrease in the long term with improvements in technology, the demand for intermediate power solutions such as our DPG stations may fall, which may cause our IBO business model to become unsustainable, and materially and adversely affect our business, prospects, financial condition and results of operation and execution of our strategy. For example, Bangladesh issued its Power System Master Plan (PSMP) 2010 in February 2011, which stimulated the employment of fast-track DPG stations as immediate measures to meet the power demand during 2010 and 2012. But the new addition of these stations slowed down in 2013 and 2014 as large-scale power plants were scheduled to be commissioned.

***We utilize intermediate off-takers for our DPG stations and the deterioration of such relationships may materially and adversely affect our business.***

For our IBO business, we generally enter into operating agreements with intermediate off-takers. These intermediate off-takers hold the licenses for operating our DPG stations and their refusal to cooperate may increase the challenges of operating our DPG stations or render our DPG stations inoperable. Our intermediate off-takers in Indonesia, Bangladesh and Ghana entered into contracts with the ultimate off-takers and we may not be able to enforce the contract against the ultimate off-takers. To the extent that our intermediate off-takers do not fulfill their contractual obligations to us, for example, by failing to pay us, we may not be able to obtain project payments directly from the ultimate off-takers, which may lead to a default on our loan agreements and our business and financial condition may be materially and adversely affected.

Our intermediate off-takers may:

- have business or economic interests or goals that are inconsistent with ours;
- take actions contrary to our instructions or requests or contrary to our policies and objectives;
- be unable or unwilling to fulfill their obligations under the relevant distribution and services agreements;
- have financial difficulties; or
- have disputes with us.

We also rely on intermediate off-takers to provide fuel for our DPG stations. If the fuel quantity, purity or pressure fails to meet our standards, we may not be able to fulfill our contractual obligations to produce power. Most of our operating agreements contain "take-or-pay" obligations, and if we did not produce the power specified under the contract, we would be in breach of our operating agreements.

We have entered, and may from time to time enter, into operating agreements with an intermediate off-taker before the intermediate off-taker has entered into a PPA with the ultimate off-taker. If the intermediate off-taker does not successfully execute a PPA with the ultimate off-taker before the DPG station is commissioned, the intermediate off-taker may not receive payments from the ultimate off-taker and may default on their payment obligations to us and other obligations under the corresponding operating agreement.

Our intermediate off-takers may fail to perform their responsibilities or cease doing business with us at any time. We may not successfully find alternative intermediaries. We also may encounter significant costs to recover damages. As our intermediate off-takers are located in foreign jurisdictions, even if they fail to fulfill their obligations, it may be difficult to enforce a judgment against their assets or their directors and officers. Any of the aforementioned actions by our intermediate off-takers or our failure to maintain our relationships with these intermediate off-takers may materially and adversely affect our business, financial condition, results of operations and prospects.

***The ultimate off-takers of our DPG stations are state-owned utility companies, which subject us to certain risks.***

State-owned utility companies act as either the direct counterparties or the ultimate off-takers on all of our contracted capacity. See "Business — Our IBO Business — Our Operating Agreements." The state-

owned entities' ability to meet their obligations under either our operating agreements or the underlying power purchase agreements is dependent on their financial condition, result of operations and cash flows and, in certain cases, upon government support in the form of subsidies.

In the past, PLN, one of our ultimate off-takers, experienced serious financial difficulty. During the 1997 Asian financial crisis, the Indonesia Government, through PLN, renegotiated energy sales contracts with independent power producers. In 2014, PLN also renegotiated to reduce fees in relation to a DPG project unrelated to our Company. Furthermore, following the 1997 Asian financial crisis, which led to a significant decrease in electricity demand in the Philippines, the Philippines Congress launched an inter-agency review of the Philippines government's independent power producer contracts in 2001 in order to cut the high fixed cost of those independent power producers. As a result, the then-existing independent power producer contracts were renegotiated, which, on a case by case basis, led to a downward adjustment in tariff charged by such independent power producers. PLN or any of the other state-owned utility companies may not be able to perform their obligations under the underlying PPAs and any of the state-owned utility companies that are direct parties to our operating agreements may not be able to perform their obligations under the operating agreements. Furthermore, the respective governments and/or the state-owned utility companies may require us and our intermediate off-takers to renegotiate the fee or other terms of the operating agreements. In these cases, we cannot assure you that we will be able to successfully renegotiate the operating agreements on terms that make continued operation profitable or even viable.

Furthermore, state-owned utility companies may also suffer from increased market pressure in the areas in which they operate, including a request for them to be privatized. For example, governments may encourage a more competitive electricity industry, which could result in the emergence of new and more competitors (including private business enterprises that may distribute the electricity to end-users) for the state-owned utility companies or the state-owned utility companies could be privatized. As a result, the state-owned utility companies may be difficult to overcome the competitive challenges they may face in the future, causing their market position, financial condition and results of operations to be materially and adversely affected, which, in turn, could materially and adversely affect our business, prospects, financial condition and results of operations.

***CRRC is the primary project co-developer for DPG stations of our IBO business.***

CRRC is the primary project co-developer for DPG stations of our IBO business globally and assists us with managing and coordinating local subcontractors for our projects. CRRC provides us with arrangements under which we make milestone payments for our DPG stations. CRRC also actively exchanges market information with us.

If our relationship with CRRC changes or deteriorates, or we lose CRRC as a project co-developer, we may not be able to make milestone payments for our DPG stations under the same terms or at all, which could cause our interest expense to increase. Based on our estimation using information available to us, without the benefit of milestone payments to CRRC, our interest expense would have increased hypothetically by nil, HK$0.7 million, HK$4.5 million and HK$2.4 million, representing nil, 0.39%, 1.11% and 0.44% of our EPC payables (equivalent to nil, 0.55%, 3.20% and 8.54% of our net profit) for 2013, 2014 and 2015 and the five months ended May 31, 2016, respectively. The above hypothetical estimates may differ significantly from the actual impact, which depends on many factors including prevailing interest rates, therefore, reliance should not be placed on such hypothetical estimates. We may lose significant business opportunities. Furthermore, if our relationship with CRRC changes or deteriorates, or we lose CRRC as a project co-developer, we may lose access to market information, which may affect our ability to find

new DPG projects and /or access to EPC contractors and sub-contractors, which in turn could affect our ability to implement our expansion strategy. In addition, if CRRC fails to monitor its subcontractors, we may experience significant delays or a reduction in quality for our DPG stations. Since our agreements with CRRC do not contain non-competition or exclusivity provisions, CRRC may, at any time, enter into the same or similar businesses that we currently operate, or enter into similar distribution or services agreements with our competitors, which may present conflicts of interest with their role as our primary project co-developer. To the extent that our relationship with CRRC suffers, our business, financial condition, results of operations and prospects may be materially and adversely affected.

***We rely on CNTIC and other EPC contractors and sub-contractors for EPC services for our DPG stations.***

We rely on CNTIC and other EPC contractors and sub-contractors for EPC services for our DPG stations. CNTIC was the EPC sub-contractor for most of our projects for the last three years. For our recent IBO projects, CRRC has been our primary project co-developer and has sub-contracted EPC services to CNTIC. Operational and financial difficulties of CNTIC could adversely affect its ability to supply CRRC with EPC services, which could hinder CRRC's ability to complete projects as our primary project co-developer. Any failure of our EPC contractors and subcontractors to provide EPC services may render us unable to obtain our DPG stations on schedule and at the quality level that we expect. It may be difficult to find another EPC service provider without significant delay or on commercially reasonable terms.

If CNTIC fails to provide EPC services in a timely manner or to meet our quality, quantity or cost requirements, the ability of our DPG stations to deliver power may suffer and we may be subject to penalties. Any of the above could materially and adversely affect our business, financial condition, results of operations and prospects.

***We, our project co-developer and our EPC contractors and sub-contractors rely on local contractors for construction, operation and routine maintenance for our IBO business.***

We, our project co-developer and our EPC contractors and sub-contractors rely on local contractors for the construction, operation and routine maintenance for our IBO business. See "Business — DPG Station Development Process — EPC," "Business — DPG Station Development Process — Operations and Maintenance" and "Business—Subcontractors." Construction, operations and maintenance for our IBO business is subject to numerous risks and uncertainties and requires extensive research, planning and due diligence, and may not be successful due to a number of reasons including:

- unanticipated changes in plans or defective or late execution;
- difficulties in obtaining and maintaining governmental permits, licenses and approvals required by existing laws and regulations or additional regulatory requirements not previously anticipated;
- unforeseeable engineering problems, construction or other unexpected delays and contractor performance shortfalls, particularly for import or construction permits;
- delays, shortages or disruptions in labor, equipment and materials supplies, including labor disputes or work stoppages;

- adverse weather, environmental and geological conditions, force majeure and other events out of our control;
- cost over-runs, due to any one or more of the foregoing factors; and
- unexpected maintenance needs or unplanned outages.

We may not be able to recover any of these losses. If the project is significantly delayed as a result of delays in importation or installation of equipment, delays in commissioning or for any other reason, we may be found in breach of the contract for the project and our ultimate or intermediate off-takers may terminate or cancel the contract or impose penalties on us.

If our DPG stations are not properly constructed, operated and maintained, they may experience decreased performance, reduced useful life or shut downs, which may cause us to breach our contractual obligations or trigger penalties in our operating agreements. As a result of changes in our operation or in local conditions, the costs of operating the systems may increase, including costs related to labor, equipment, insurance and taxes. If local contractors are incompetent, careless or negligent, our assets or property may suffer damage or cause unintended damage to the surrounding environment. Our assets, property or business may be damaged through vandalism and theft, which would interfere with our day-to-day business operations and affect our ability to generate power from our PGSs or DPG stations. In addition, deficiencies in the quality of the gen-sets or the components may affect the efficiency of the PGSs installed in our DPG stations. To the extent that any of the foregoing affects our ability to carry out our obligations under our operating agreements, or we incur increased costs in relation to operating and maintaining our projects, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Any of the contingencies discussed above could damage our reputation and materially and adversely affect our business, financial condition, results of operations and prospects.

***We may experience difficulty winning or meeting the obligations of our tenders under our IBO business.***

We typically develop DPG stations under our IBO business after securing opportunities through open tenders released by government entities through our intermediate off-takers or on our own. These open tenders are highly competitive and becoming increasingly more competitive in recent years. Our prior success in open tenders is no guarantee of our future success with the same governments and each open tender is evaluated independently and on its own merits.

We work with intermediate off-takers to secure opportunities through open tenders. Our ability to compete effectively in open tenders, along with our intermediaries, depends on our own execution and financing capabilities and track record, as well as our ability to find suitable intermediate off-takers and contractors and sub-contractors with strong knowledge of the local electricity market and project execution capabilities. The requirements of the tender process are also demanding, and the failure of us or our intermediaries to adhere to the requirements of the process would disqualify us from the bidding process. There is no assurance that we will be successful in winning bids in the open tender or that we will be able to comply with the requirements of the bidding process. If we cannot meet the scheduled commercial operation date for a DPG station, we may be subject to penalties and our ability to secure future tender contracts may decrease. To the extent that there are cost overruns, we may become liable for additional

costs. We or our intermediate off-takers may have difficulties in properly anticipating the costs and equipment required to meet our obligations under our tenders and we or our intermediate off-takers may not be able to deliver on all tender opportunities that we secure. Any failure to deliver on tender opportunities would damage our reputation and track record and substantially increase the difficulty in securing new tender opportunities.

Any increase in competition during the bidding process or reduction in our competitive capabilities could materially and adversely affect our market share and our margins. If we fail to win such tenders, our ability to secure additional opportunities for our IBO business, and our business, financial position and results of operations may be materially and adversely affected.

Specifically, we and three prospective intermediate off-takers have respectively entered into two memoranda of understanding and a letter of intent related to the construction and operation of three planned DPG stations in Nigeria and Indonesia for a combined contract capacity of 95MW. We have also entered into a memorandum of understanding with our intermediate off-taker for the proposed expansion of our DPG station in Pagla, Bangladesh for an additional 50MW contract capacity. The Myanmar Ministry of Electricity and Energy has also approved the extension of our operating agreement relating to our Kyauk Phyu I DPG station for five years, which is subject to the approval of the cabinet of the Myanmar government.

These transactions are subject to our entering into an operating agreement with each of the immediate off-takers, the terms of such operating agreements have not yet been finalized, and there is no guarantee that any of the prospective or current ultimate off-takers would have sufficient and sustained demand to support the increased installed capacity. The memoranda of understanding and letter of intent are non-legally binding, and our prospective intermediate off-takers may be unable to agree on the terms and conditions for the operating agreements required to begin or complete the project, so there can be no assurance that the intentions expressed in the memoranda of understanding or letter of intent will be realized in whole, in part or at all.

***We use engines manufactured by a limited number of manufacturers for our gen-sets, PGSs and DPG stations.***

Since our founding in 1997, we have purchased engines produced by a limited number of engine manufacturers, including MTU and Komatsu, for our SI business. See "Business — SI Business — Our Major Suppliers and Component Manufacturers." Our customers under our SI business request specific engines when purchasing our gen-sets or PGSs. To the extent that we cannot obtain those engines at a reasonable price or at all, we may not be able to source other engines that are acceptable to our customers and our business, financial condition, results of operations and prospects may be materially and adversely affected.

For our IBO business, our DPG stations use high-quality engines, primarily from MTU and Bergen, in order to maintain their fuel efficiency, which is a significant competitive advantage in securing tender contracts. If our EPC contractors are unable to secure engines from these engine manufacturers, our DPG stations may not maintain the same fuel efficiency level, which may affect our ability to secure additional tenders. We depend on the continued supply of engines of sufficient quality to meet the demands of our SI business or IBO business. To the extent that the manufacturers of our engines fail to maintain our quality standards, we may need to source engines from alternative manufacturers that we are not as familiar with. In addition, MTU and certain engine manufacturers may sell PGSs, which may lead them to compete with us and which may lead to a conflict in their interests as our engine manufacturer.

Furthermore, the engine manufacturing industry is dominated by a few large global manufacturers, including MTU, which makes it difficult for system integration providers and DPG players such as us to avoid conducting a significant percentage of our business with any one of the main suppliers or

manufacturers, which may result in such suppliers or manufacturers charging us significantly higher costs for engines, or to switch to alternative suppliers, which may subject us to significant costs. As a result, our SI and IBO businesses may be subject to additional costs due to the limited number of engine manufacturers. We expect engine manufacturers to continue to improve the fuel efficiency of their engines in order to persuade significant customers, such as us, to buy engines from them, which would suggest our reliance on a particular engine supplier may not likely be permanent. However, there is no assurance that the engine manufacturing industry will continue to be competitive or that these engine manufacturers will continue to invest in the research and development of engines that are more fuel efficient at the same level or at all. In these cases, our SI and IBO businesses could continue to rely on sourcing engines from a small number of large global engine manufacturers which could materially and adversely affect our business, financial condition, results of operations and prospects.

We provide estimates of the number of engines and components we require to suppliers and may need to provide deposits for such parts that we intend to purchase. To the extent that we overestimate the number of engines needed, we may incur unnecessary costs in connection with the deposits. Our inventory of engines and related components may not be sufficient to address demand and our engine manufacturers may have difficulty meeting the demand, leading to significant supply backlogs, increased prices, higher up-front payments and deposits and delivery delays. If there are delays or shortages, we may not be able to meet our customer demands in a timely manner under our SI business and we may not be able to compete for tenders under our IBO business. Delays in the delivery of ordered engines could delay the completion of DPG stations that are under construction. Increases in the prices of our engines may increase the costs of our gen-sets, PGSs and DPG stations and hence materially and adversely affect our business, financial condition, results of operations and prospects.

To the extent that we cannot secure sufficient engines or engines of adequate quality, we may lose potential revenue or become liable to third parties, such as our customers or off-takers, for failing to fulfill our obligations under our contracts, which may materially and adversely affect our business, financial condition, results of operations and prospects.

***We rely on a limited number of manufacturers for the key components of our gen-sets, PGSs and DPG stations.***

We depend on a limited number of manufacturers for some of our critical components, including radiators and alternators. If they fail to supply us with the parts and components we need, our operations may be disrupted. It may be difficult to find alternative supplies for such parts or components without significant delay or on commercially reasonable terms. A manufacturer's failure to supply components in a timely manner or to supply components that meet our quality, quantity or cost requirements could harm our ability to assemble our products effectively, or would significantly increase our production costs, either of which could materially and adversely affect our business, financial condition, results of operations and prospects. In addition, we may require equipment that we do not have in stock under either our SI business or IBO business, and such equipment may be unavailable to us on commercially favorable terms or at all. If such market conditions prevail, this may result in higher than expected costs, less favorable payment terms or insufficient available supplies to construct our DPG stations under our IBO business. Increases in the prices of our components may increase the costs of our gen-sets, PGSs and DPG stations. Delays in the delivery of ordered components could delay the completion of our under-construction DPG stations.

***We have a limited number of ultimate off-takers for our IBO business.***

We have a limited number of DPG stations for which we have a limited number of ultimate off-takers. In Indonesia, PLN, a state-owned corporation which has a monopoly over power distribution in Indonesia, is

the ultimate off-taker of three of our DPG stations. In Myanmar, our offtake agreements were directly entered with EPGE, the state-owned entity under the Ministry of Power, and is the ultimate off-taker for our DPG stations in Myanmar. In Bangladesh, the BPDB is the ultimate off-taker for our DPG station in that country.

We rely on these utility providers to fulfill their responsibilities for the full and timely fee payment. We intend to continue to have a limited number of ultimate off-takers of our DPG stations, including in new and existing markets in which we operate. If they encounter any financial or political difficulties or our relationship otherwise becomes more challenging, we may have difficulty securing new off-takers or recovering fees from our existing off-takers. If these entities do not perform their obligations and we are unable to enforce our contractual rights, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Furthermore, our ultimate off-takers typically have a monopoly over power distribution in their respective markets. As a result, the ultimate off-taker has significant bargaining power to control the price at which it purchases electricity in the jurisdiction in which operates. If the ultimate off-taker chooses to reduce the price at which it purchases electricity, the fee we charge our off-takers may be correspondingly reduced and our business and prospects may be materially and adversely affected. If our relationship with these ultimate off-takers deteriorates and the off-taker no longer wishes to offtake electricity generated by our DPG stations, we would have difficulty finding alternative ultimate off-takers who could offtake our electricity within the off-taker's jurisdiction and we may lose significant business opportunities.

***We primarily obtain engines through CRRC for our SI business.***

Under our SI business, we work together with CRRC to secure more favorable pricing for engines through cooperative procurement, with CRRC providing us with payment terms of up to 180 days. We purchased HK$253.3 million, HK$392.1 million, HK$722.5 million and HK$258.9 million of engines through such arrangement with CRRC in 2013, 2014 and 2015 and the five months ended May 31, 2016, respectively. For more information on CRRC, see "Business — SI Business — Our Major Suppliers and Component Manufacturers." We cannot assure you that such terms will not be renegotiated in future contracts and that our commercial interests and business philosophy will always be consistent or compatible with those of CRRC. If our relationship with CRRC deteriorates, to the extent that CRRC ceases to procure the engines together with us and we can no longer purchase engines under the procurement arrangement with CRRC, we may need to source engines directly from MTU or from alternative suppliers at less favorable terms, and our gross profit margin may be adversely affected and our interest expense may increase. Based on our estimation using information available to us, during the Track Record Period, the maximum pricing difference between the engines we purchase through CRRC under the procurement arrangement and directly from MTU and another engine supplier were no more than 2.0% and 2.2%, respectively. As an illustration, if prices of MTU engines and engines from the other supplier were to increase by 2.0% and 2.2%, respectively, in the three years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2016, our gross profit margin would hypothetically be reduced by approximately 1.05%, 0.87%, 0.77% and 0.83% for the relevant year or period, respectively. Furthermore, based on our estimation using information available to us, if we could not benefit from the longer payment term afforded under the procurement arrangement when acquiring MTU engines through CRRC, we would seek general banking facilities, which we estimate from our experience would have an interest rate of not more than 1.0%, and would have resulted in an hypothetical increase in interest expense of approximately HK$2.3 million, HK$3.5 million, HK$3.6 million and HK$1.9 million for 2013, 2014, 2015 and the five months ended May 31, 2016, respectively, representing 23.7%, 2.9%, 2.6% and 6.9% of our net profit for the respective periods, to cover our funding needs during the extra 120 days (as compare to the up to 60

days payment term received whilst purchasing directly from MTU). The above hypothetical estimates may differ significantly from the actual impact, which depends on many factors, including prevailing interest rates and engine prices, therefore, reliance should not be placed on such hypothetical estimates. Delays in the delivery of ordered gas-fired engines and components could also delay the completion of our under-construction DPG stations.

A serious dispute with CRRC or the termination of our relationship with CRRC may materially and adversely affect our business. To the extent that we cannot secure sufficient engines through CRRC, we may lose potential revenue or become liable to third parties, such as our customers or off-takers, for failing to fulfill our obligations under our contracts, which may materially and adversely affect our business, financial condition, results of operations and prospects.

***Our secured bank loan facilities and finance lease arrangements restrict our ability to exercise full ownership rights over certain of our DPG stations, and would subject us to penalties if we defaulted.***

We entered into finance lease agreements with CRRC Capital (the "Lessor") in the form of sale and leaseback arrangements in December 2015 in respect of the assets of certain of our DPG stations in Indonesia and Bangladesh (the "Leased Assets"). These finance lease agreements totaled HK$263.5 million, representing 26.6% of our total borrowings, as of May 31, 2016. Pursuant to the leases, we sold the Leased Assets at negotiated purchase prices (the "Principal Amount") and the Lessor then leased the Leased Assets to us in return for periodic lease payments. Upon expiry of the Lease, we will repurchase the Leased Assets from the Lessor at the Principal Amount. The finance lease arrangements were accounted for as other borrowings. For more details on the leases, see "Financial Information — Indebtedness — Project Development and Installment Arrangements and Other Borrowings — Other Borrowings."

During the lease terms, the Lessor has the full ownership of the Leased Assets. Without prior written consent from the Lessor, we may not transfer, sub-lease, pledge or otherwise dispose of the Leased Assets to any third parties, relocate the Leased Assets to a location which is not specified in the agreements, allow any third parties to possess and use the Leased Assets, or do any other acts which affect or prejudice the ownership of the Leased Assets. The Lessor's interests may not be fully aligned with ours, and the Lessor may damage our business by delaying or withholding its written consent.

We continue to be responsible for certain damages in connection with the Leased Assets. We take all risks in relation to the Leased Assets, and the Lessor does not bear any risks in relation to the Leased Assets, including but not limited to, damages thereon and the delivery thereof. In the event that the Leased Assets are damaged, we must timely inform the Lessor of the same and take all reasonable steps to mitigate such losses or damages at our own costs. In the event that the Leased Assets suffer total loss, the Lessor may elect to (i) terminate the relevant lease agreement and require us to pay forthwith the interest due and unpaid, the interest not yet due and payable, the Principal Amount and other payment obligations under the agreement, or (ii) require us to replace the Leased Assets with other assets of similar or more advanced function and value.

Furthermore, we have entered into two secured bank loan facilities. As security under these facilities, we have transferred title of the assets employed in two of our DPG stations in Indonesia to the intermediate off-taker while retaining the unconditional right to repurchase them at zero cost. The assets are then, in turn, pledged as security for the bank loan facilities. As a result of these arrangements, we do not exercise full ownership rights over the assets in the two DPG stations and may not be able to enforce our contractual right to repurchase. For more details, refer to "Business — Our Operating Agreements."

Our ability to make interest payments on our loan facilities and payments on the leases depends, in part, on our cash balances and operating cash flow and any failure to make such payments could materially and adversely affect our business and results of operations. For example, if we fail to receive payments from the intermediate off-takers for the Leased Assets or for the DPG stations pledged as security for our loans, we will still be obligated to make payments under the loan facilities and leases. In the event we default on any payment obligations under the loan facilities or leases, we are liable for penalties when such amount becomes due and unpaid and up to the date on which such amount is settled. In addition, if we default on the leases or they are terminated prior to expiry of the lease, the Lessor would also be entitled to take possession and dispose of the Leased Assets and claim for compensation for any losses or costs incurred against us. Any such damage may materially and adversely affect our business, financial condition, results of operations and prospects. If we default on the secured loan facilities, the security agent under the loan facilities may take possession of the assets of the DPG stations, which may materially and adversely affect our business, financial condition, results of operations and prospects.

***Our revenue depends on demand for our gen-sets, PGSs and DPG stations.***

The DPG industry is in a relatively early stage of development in the markets we have entered or intend to enter. Demand for gen-sets, PGSs and DPG stations is affected by the local, regional and global demand for electricity, as well as the availability of other alternatives. In particular, if development of large-scale power plants and transmission infrastructure in emerging markets become increasingly competitive in terms of construction schedule, technology, and funding capability, there will be less demand for our SI business and IBO business, and we may not be able to sell gen-sets and PGSs under our SI business or we or our intermediate off-taker may not be competitive when bidding for DPG projects under our IBO business, which would have a material adverse effect on our business, financial condition, results of operations and prospects.

In our SI business, we sell our gen-sets and PGSs to customers covering a variety of sectors including industry-grade DPG stations, utility-grade DPG stations, governmental, residential and commercial buildings, data centers, hotels, construction works, mining operations, railway projects and telecommunications projects, primarily located in the PRC, Singapore, Hong Kong, the UAE, South Korea and the Philippines. If the economy in these markets or globally slows down, or customers in our industry group demand fewer of our gen-sets and PGSs, our SI business will be materially and adversely affected.

In our IBO business, our DPG stations have historically enjoyed high utilization levels and all the operating agreements of our DPG stations that have come due have been renewed except one, but a decrease in demand for electricity could reduce the utilization levels or renewal rates of our DPG stations and could reduce our expected cash flow. Our historical performance may not be indicative of future results, since (i) the DPG industry is relatively new, (ii) we only constructed a few DPG stations and (iii) most of our initial contracts have not expired. When we increase our number of DPG stations and as our contracts expire, it may be difficult to continue to enjoy similarly high utilization levels and renewal rates. For example, our project in Kalimantan, Indonesia was not renewed, as the off-taker decided to replace the diesel-fired DPG station with gas-fired DPG stations. In addition, there may be a long period of time between when a DPG station is decommissioned and when the DPG station is redeployed. In addition, we may incur expenditures for the relocation of our facilities upon the early-termination or unanticipated non-renewal of our rental agreements. If the utilization rate of the DPG stations decreases significantly in our IBO business, our business, financial condition, results of operations and prospects may be materially and adversely affected.

***Our SI business is subject to seasonality due to holiday seasons.***

Our sales under the SI business are typically lower during the first quarter of every year due to the Chinese New Year holiday. Production at factories in China tends to slow down for at least four weeks, or even completely shutdown, before and after the Chinese New Year holiday. In this vein, our assembly facilities and our component manufacturers often are not operating during those holidays. Therefore, we generally experience a decrease in our sales during these periods and an increase in our sales for the periods prior to and after the holidays. For example, the first five months of 2015 represented 21.0% of the total revenue under our SI business. Accordingly, the results of any prior quarterly periods should not be relied upon as an indication of our future annual operating performance for our SI business.

***We may not be able to effectively manage increases in inventory and trade receivables while we grow our business.***

Our inventory and trade receivables both increased during the Track Record Period as we continued to increase our sales in our SI business. Please refer to "Financial Information — Certain Balance Sheet Items — Inventories" and "Financial Information — Certain Balance Sheet Items — Trade Receivables" for more details. We reported HK$635.6 million of inventory and HK$573.3 million of trade receivables as of May 31, 2016. 20.7% of our inventories as of May 31, 2016 has been consumed as of August 31, 2016. 51.0% of our aggregate trade receivables as of May 31, 2016 has been settled as of August 31, 2016. If we cannot manage the increase in our inventory and/or trade receivables, our financial condition could be materially and adversely affected.

***We face significant competition in the gas-fired DPG industry and broader power generation industry.***

We face significant competition in certain markets in which we operate. We aim to integrate gen-sets that can be deployed rapidly with high fuel efficiency. Our current products, as well as the products we have under development, represent our most advanced technological capabilities. However, our industry is subject to rapid technological change. If we do not continue to improve our products, demand for our gen-sets and PGSs may decrease, which could materially and adversely affect our business, financial condition, results of operations and prospects.

In our SI business, our primary competitors include other manufacturers of gen-sets or PGSs using either engines or turbines, using gas, diesel or other liquid fuels. In our IBO business, we compete against utilities or DPG stations generating power from conventional fossil fuels and renewable energy. As technology improves, our DPG stations may become obsolete or less efficient, which may also decrease our ability to fully utilize our DPG stations, which may result in lost revenue. If our current PGS fleet installed in our DPG stations becomes technologically obsolete or we cannot maintain our anticipated state of technological progress, our DPG stations may become less competitive over time, which may result in less demand for them. If other types of power generation become increasingly competitive, there will be less effective demand for our gen-sets, PGSs and DPG stations under both our businesses. For example, technological progress in traditional forms of power generation, such as coal or oil, or the discovery of large new deposits or sources of these fuels could reduce the cost of power generated from those sources or make them more environmentally friendly, and as a consequence, reduce the demand for power from natural gas sources or render our projects less attractive.

Some of our competitors may have advantages over us in terms of economies of scale, greater operational, financial, technical, management or other resources in particular markets or in general. Some strong local competitors may have a proximity advantage and local connections, which may prevent us

from competing effectively. Our market position depends on our development and operation capabilities, reputation, experience, track record and ability to source equipment. Our competitors may also enter into strategic alliances or form affiliates with other competitors to our detriment. Manufacturers, suppliers or contractors may merge with our competitors, which may limit our choice of manufacturers, suppliers or contractors and hence the flexibility of our overall project execution capabilities. In addition, the government may announce subsidies for other forms of fuel.

There can be no assurance that our current or potential competitors will not offer products or services comparable or superior to those that we offer at the same or lower prices or adapt more quickly than we do. Increased competition may result in cost increases, price reductions and loss of market share.

***The volatility and fluctuation of gas and diesel supplies and prices may adversely affect the demand for our gen-sets, PGSs and DPG stations.***

Our gen-sets, PGSs and DPG stations require gas or diesel of sufficient quality to function. As such, the fluctuation of gas and diesel supplies and price, especially as compared to other types of fuel and clean energy alternatives, may adversely affect demand for our gen-sets, PGSs and DPG stations under both our SI business and IBO business. A significant increase in gas and diesel prices may render our gen-sets, PGSs and DPG stations less attractive, which would materially and adversely affect our ability to generate profits. The volatility of gas and diesel prices may also impact our off-takers' perception of gas and diesel adversely and ultimately demand for DPG stations powered by those fuels. Typically, we do not bear the risk of fuel price fluctuations for our DPG stations, as gas and diesel costs are borne by the off-takers themselves. Substantial fluctuations in gas and diesel prices could occur from year to year. Sustained periods of high gas and diesel prices or pronounced gas and diesel price volatility may lead to off-takers selecting other fuel alternatives, such as HFO, LNG or CNG and the demand for our gas-fired and diesel-fired DPG stations may decrease. Furthermore, although the off-takers under our IBO business have undertaken the responsibility to supply fuel under our IBO contracts, any failure by them to supply fuel of sufficient quality, quantity or pressure may affect our ability to produce power and collect revenue. In addition, adverse price and supply changes for gas and diesel may materially and adversely impact our ability to secure tenders.

Historically, prices and markets for gas and diesel have been volatile, with prices fluctuating widely, and they are likely to continue to be volatile. In particular, the weak foreign exchange position of some countries in Southeast Asia may cause them to be vulnerable to large movements in the price of imported gas and diesel, which may in turn affect the demand for DPG stations using such fuel. For example, in February 2012, Bangladesh banned the import of new oil-fired turn-key electricity generators which are essential for the construction of oil-fired DPG stations, as the rising import of oil placed pressure on the country's foreign exchange reserves. Further, in 2015, significantly lower commodity prices have resulted in an industry-wide reduction in capital expenditures by gas and diesel producers and a slowdown in drilling, completion and supply development efforts. This trend has continued in 2016. Notwithstanding this market downturn, production volumes of gas and diesel have continued to grow (or decline at a slower rate than expected), which could affect the supply and, as a result, the price of gas and diesel in the long term. Prices for gas and diesel are subject to wide fluctuations in response to relatively minor changes in supply and demand, market uncertainty and a variety of additional factors that are beyond our control. These factors include:

- the threat of global terrorism;
- regional political instability in areas where the exploratory wells are drilled;

- the supply of oil and oil production targets of oil producing countries;
- the level of consumer product demand;
- global and regional weather conditions;
- political conditions and policies in the greater oil producing regions, including the Middle East;
- the ability of the members of the Organization of Petroleum Exporting Countries to agree to and maintain oil price and production controls;
- the price of foreign imports;
- domestic and foreign governmental regulations and actions;
- the price, availability and acceptance of alternative fuels; and
- overall economic conditions.

Any increases in the price of gas and diesel could materially and adversely affect our business, financial condition, results of operations and prospects.

***We may not be able to finance the planned growth of our business.***

Our DPG stations require significant capital expenditures and construction costs. Recovery of the capital investment in our DPG stations generally takes place over an extended period of time. As a result, we must use our existing cash generated from operations, or obtain funds from equity or debt financing, to develop and construct our projects, to finance the procurement of DPG stations or equipment and to pay the general and administrative costs of operating our business.

Our ability to obtain financing to finance our growth is dependent on, among other factors, stability of the global and regional capital markets, access to bank financing, continued operating performance of our assets, future electricity market prices, the level of future interest rates and investors' assessment of our credit risk at such time, and investor appetite for investments in natural gas-to-electric energy assets in general and in our company in particular. Among other factors, the implementation of new or additional sanctions in Myanmar could limit our ability to obtain financing for our projects located in Myanmar. To the extent that external sources of capital become limited or unavailable or available only on onerous terms, we could delay development and construction of projects, reduce the scope of projects or abandon or sell some or all of our projects, or default on contractual commitments, if any, to buy equipment in the future, any of which would adversely affect our business, financial condition, results of operations and prospects.

***The ability of our DPG stations to supply power to the ultimate off-taker relies on access to interconnection facilities and transmission systems.***

The ability of our DPG stations to supply power to the ultimate off-taker is subject to the availability of, our access to, and our ability to connect with the various T&D networks needed to dispatch power to the contractual delivery point. These networks are typically owned and operated by state-owned companies. The absence of this availability and access, operational failure of existing interconnection facilities, or the

lack of adequate capacity on such interconnection or transmission facilities, may have a material adverse effect on our ability to deliver power to our various counterparties or the ability of counterparties to accept and pay for power delivery, which could materially and adversely affect our business, financial condition, results of operations and prospects.

***If we fail to comply with financial and other covenants under our loan agreements, our financial condition, results of operations and business prospects may be materially and adversely affected.***

Under the terms of certain loan agreements, we are required to comply with certain financial covenants, including, (i) a maximum total borrowings to tangible net worth ratio, (ii) a maximum total borrowings to EBITDA ratio and (iii) a minimum tangible net worth. As of May 31, 2016, we were in compliance with all of the financial covenants in our loan agreements. Nonetheless, these financial covenants restrict our access to debt financing and restrict our business activities, which decreases our operational and financial flexibility for future expansion. If we do not comply with the terms under these loan agreements, there may be a default under the terms of these agreements. In the event of a default under these agreements, our creditors may terminate their commitments to lend to us, accelerate the indebtedness and declare all amounts borrowed immediately due and payable or terminate the agreements.

***We have limited operating history with regards to our IBO business.***

Our IBO business began in 2012 and has a relatively limited operating history. Therefore, it may be difficult to accurately evaluate the financial performance and future prospects of our IBO business. We have encountered and will continue to encounter difficulties and risks frequently experienced by growing companies in the DPG industry and other rapidly changing industries, including those related to:

- our ability to successfully maintain and expand our business, especially internationally;
- our ability to control costs and operating expenses;
- our ability to successfully manage any acquisitions; and
- general economic, political and regulatory conditions in our domestic and international markets.

Our rapidly evolving business and, in particular, our relatively limited operating history under our IBO business may not be an adequate basis for evaluating our business prospects and financial performance, and makes it difficult to accurately predict the future results of operations. If we do not manage these risks successfully, our business, financial condition, results of operations and prospects could be materially and adversely affected.

***Gen-sets or PGSs may be damaged during the course of transportation, installation or commissioning or for other reasons.***

Gen-sets or PGSs may be damaged during the course of transportation, installation or commissioning or for other reasons, which may cause us to incur expenses for their repair or replacement or may delay the delivery of our DPG stations to us. The gen-sets or PGSs and their component parts are transported over long distances by land and sea under our SI and IBO business. This results in substantial lead time between procurement and delivery of product, thus complicating merchandising and inventory control. For example, in 2015, our EPC sub-contractor had alternators that were damaged in transit, and as a result, the DPG station was not delivered to us on time.

In addition, our gen-sets or PGSs may be damaged during installation or commissioning. We may also be required to repair or replace gen-sets or PGSs that malfunction. Our gen-sets or PGSs are high-end intricate products that are susceptible to damage. Repairs and replacement parts are costly and immediate replacement parts may not be available in the market. Our marine cargo insurance policies cover a portion of our losses for damaged or lost systems and equipment during transportation, but our coverage may not be sufficient and is subject to deductibles. Further, pursuing insurance claims will require substantial time and resources, and we may not be fully compensated.

The transportation of gen-sets and PGSs over long distances also poses logistical challenges. Each country in which we operate has different import rules and regulations regarding the importation of foreign products. Changes to the rules and regulations governing imports may result in additional delays, costs or barriers in our deliveries. Only a limited number of transportation companies service the regions in which we operate. The inability or failure of one or more key transportation companies to provide transportation services to us, the difficulty of complying with import rules and regulations, any collusion among the transportation companies regarding shipping prices or terms, changes in the regulations that govern shipping tariffs or the importation of products, or any other disruption to our ability to import our products could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Unexpected equipment failures or accidents may lead to power production curtailments or shutdowns, personal injuries or damage to the environment.***

Our DPG stations contain sensitive components and are susceptible to equipment failures or accidents, including failures or accidents due to severe weather conditions and natural disasters. Because of the complex nature of the stations, any interruption resulting from equipment failures, pipeline ruptures, gas leaks, fire, explosion, industrial accidents, natural disaster or otherwise could cause significant losses in operational capacity and could materially and adversely affect our business and operations. Operations at our DPG stations are subject to human negligence, deliberate sabotage, labor disruptions, unscheduled downtimes and other operational hazards. Some of these operational hazards may cause personal injury or loss of life, damage to or destruction of assets, property and equipment or environmental damage, and may result in suspension of operations and the imposition of civil liabilities or criminal penalties. For example, there was a fire at our DPG station in Bangladesh, which caused damage to our equipment, and we currently have an insurance claim of US$390,000 (equivalent to approximately HK$3.0 million). In case of equipment failure, we may not be able to repair our machines and may not be able to return them to their original operational levels or at all.

Moreover, our DPG stations may not operate as planned or expected. All of these facilities are designed to operate at or above a specified generation capacity. The operation of these facilities is and will be subject to various uncertainties. Our insurance coverage for our projects may not be adequate to fully cover potential operational hazards and we may not be able to renew our insurance policies on commercially reasonable terms or at all. In addition, we acquired our Pagla operations in Bangladesh from MTU in 2013 and may be subject to liabilities resulting from the acts or omissions of the prior owners and operators of the station. Catastrophic events may expose us to lawsuits brought by our off-takers alleging deficiencies in safety, product failures or DPG station failures. In such a case, our reputation could be materially and adversely affected and we could be liable for significant damages or subject to other penalties. The defense or settlement of such litigation or other similar proceedings can be both costly and time-consuming, regardless of the outcome. If such litigation results in unfavorable decisions, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Any of these consequences, to the extent that they are significant, could result in business interruption or suspension of operations, legal liability and damage to our reputation and corporate image, which could materially and adversely affect our business, financial condition, results of operations and prospects.

***Changes in our management's accounting judgment regarding revenue recognition may negatively affect our results of operations.***

For the years ended December 31, 2014 and 2015 and the five months ended May 31, 2016, we recognized revenue of approximately HK$74.3 million, HK$297.6 million and HK$55.1 million, respectively, for the sales of PGSs to an independent third party, which was a sub-contractor of our EPC contractor for the construction of certain of our DPG stations. Upon completion of the construction of the DPG stations, we purchased the DPG station assets from our EPC contractor. The DPG stations contained our PGSs and PGSs from other third parties. Significant judgment is involved by our management in determining that these were not linked transactions because (a) the settlements of the PGS purchase and the DPG station assets were separate and not related and (b) the sub-contractor had total discretion to purchase the PGSs from us or other third parties under its contracts with the EPC contractor; and that the significant risks and rewards of ownership of the gen-sets have been transferred to the sub-contractor and hence the recognition criteria for the related revenue are met. We recorded gross profit in respect of the above sales of approximately HK$14.5 million, HK$86.4 million and HK$10.1 million for 2014, 2015 and the five months ended May 31, 2016, respectively. For details of our EPC contractual arrangement, see "Business — IBO Business" in this prospectus.

However, the preparation of our financial statements requires our management to make continuous judgments, estimates and assumptions based on available facts and circumstances that affect the reported amount of revenues, expenses, assets and liabilities, their accompanying disclosures and the disclosure of contingent liabilities. Uncertainties about these judgments, assumptions and estimates could result in outcomes that could require a material adjustment to our results of operations. In the future, based on additional or different facts and circumstances, our management may determine that newly entered contracts contain terms which render similar transactions as linked transactions. In addition, introduction of new accounting standards may render similar transactions as linked transactions. Accordingly, we may record such sales and purchases as intra-group transactions between our SI and IBO business segments and eliminate them upon combination. This may reduce our revenue and, our gross profit and negatively affect our results of operations. For further information on our accounting policy for revenue recognition, see Note 2.4 to our combined financial statement set out in Appendix I to this prospectus.

***We are subject to tax risks related to our multinational operations.***

We operate in China, Singapore, Indonesia, Bangladesh, Myanmar, Ghana and other countries, with offices in Hong Kong and China. Our business and operations are subject to the tax laws and regulations of the countries and markets in which they are organized and in which they operate or provide goods or services.

Over recent years, tax laws, treaties and practices applicable in various countries have become increasingly complex and are subject to continuous change, particularly with respect to cross-border tax transactions in jurisdictions we are less familiar with. In assessing and managing our tax arrangements, we have exercised management judgment and relied on professional advice and market practices. Such judgment, professional advice and market practices may be incorrect. In addition, tax authorities are increasingly scrutinizing the allocation of income between associated enterprises belonging to multinational groups (and thus between the different jurisdictions in which such groups operate).

We may be required to file income tax returns in jurisdictions where our DPG stations are located. Failure to file such tax returns on time may result in a one-off penalty, which could amount to a fixed percentage of our assessed income, and a recurring penalty for continuing default. Generally for our DPG stations, our intermediate off-takers have agreed to indemnify us for any tax liabilities in the relevant jurisdiction beyond the tax liabilities agreed to be assumed by us in the operating agreement for the DPG station. The intermediate off-takers typically also agree to bear and discharge all potential tax liabilities (including penalties, if any) arising from the performance of the operating agreements with such intermediate off-takers. Tax authorities in the jurisdictions where our DPG stations are located may pursue us for tax liabilities or penalties directly and we may not be able to hold our intermediate off-takers liable or be indemnified by our intermediate off-takers for such liabilities or penalties.

The combination of the above factors means that we have an increased likelihood of experiencing tax audits, possibly leading to challenges and consequential litigation, especially in respect to tax residence, permanent establishment and transfer pricing. In any case, depending on the specific circumstances and contractual arrangements with individual counterparties, tax investigations or audits could result in significant tax liabilities and fines and significant penalties, far in excess of our tax liabilities as stated on our financial statements. We are also subject to periodic routine investigations or audits by various tax authorities in countries in which we operate. In addition, any changes in tax laws, tax regulations or interpretations of such laws or regulations may also have a material adverse effect on our business, financial condition and results of operations.

***We had net current liabilities as of December 31, 2013 and 2014.***

We recorded net current liabilities of HK$84.6 million and HK$279.4 million and net current assets of HK$172.0 million and HK$39.4 million as of December 31, 2013, 2014 and 2015 and May 31, 2016, respectively.

In order to meet our capital requirements for investing in our DPG stations, we have significant short term borrowings, which are recorded as current liabilities. We make installment payments for our DPG stations, a portion of which is recorded as current liabilities. For more details on our installment arrangements, see "Financial Information — Indebtedness — Project Development and Installment Arrangements and Other Borrowings." However, we invest the cash we borrow in DPG stations, which are recorded as long-term assets. There is a significant delay between our initial upfront deposit in our DPG stations and our receipt of revenue under our operating agreements. Recovering our initial significant upfront deposit for the construction of our DPG stations may require an extended period of time. There is no guarantee that we can refinance our short-term loans on similar terms throughout the life of the DPG station, which may expose us to increased interest expenses during the life of the DPG station. We have historically relied on equity contributions, cash flow from operations and bank loans to pay for the initial upfront deposit under our EPC contracts.

We do not anticipate having net current liabilities or net cash used in operating activities going forward, however, we cannot assure you that we will be able to successfully meet our working capital or funding requirements going forward or we can maintain our liquidity in the future. Any such failures could materially and adversely affect our financial condition, results of operations and business prospects.

***Our revenues are dependent on fees under our operating agreements, and a reduction in fees or early termination of our operating agreements could have a material adverse effect on our business and financial performance.***

A substantial portion of our revenues depend on our operating agreements in respect of our DPG stations, pursuant to which the rights and obligations regarding our fees are set out. Our business, prospects, financial condition and results of operations could be materially and adversely affected if, for any reason, our customers breach their obligations under the operating agreements or if the operating agreements or any part thereof are cancelled, amended, terminated, become invalid or unenforceable or otherwise cease to have full force and effect.

Customers may seek to renegotiate fees due to macro-economic or other factors, which may have a material adverse effect on us, our business, prospects, financial condition and results of operations. If we cannot obtain commercially attractive fees under our operating agreements, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Any breach of our obligations under the operating agreements, which may include failure to deliver the minimum capacity, failure to construct our DPG stations in accordance with design specifications or failure to provide operation and maintenance services, which remains uncured would give our customer the right to terminate the operating agreements or impose substantial penalties on us. Additionally, our operating agreements may be terminated upon the occurrence of a prolonged force majeure event. From time to time, disagreements may arise as to the interpretation or application of the terms of these agreements. If our operating agreements are terminated before the expiry of the term or if disagreements are material and are not resolved in our favor, we will no longer receive fees under our operating agreements, which could materially and adversely affect our business, financial condition, results of operations and prospects.

***We sell gen-sets and PGSs to our customers on an order-by-order basis under our SI business and there is no assurance that our customers will continue to purchase our products.***

We sell gen-sets and PGSs to our customers on a order-by-order basis under our SI business. We cannot assure you that our customers will continue to purchase our products in the same volume, on same terms or at the same price. If we are unable to obtain additional purchase orders, or we cannot maintain our customer relationships on similar terms, our business, financial condition, results of operations and prospects could be materially and adversely affected.

***Any failure by our key customers to make payment to us or any occurrence of payment disputes or delays may materially adversely affect our business, financial position and results of operations.***

Trade receivables mainly represent the credit sales of our products. We had trade receivables of HK$573.3 million as of May 31, 2016. For the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2016, our trade receivables turnover days were 82 days, 89 days, 149 days and 192 days, respectively. Our trade receivable turnover days increased primarily due to (i) the growth of our IBO business relative to our SI business, as the invoices issued under our IBO business are deemed due 90 days after the invoice date and our IBO business generally experiences a less regular settlement pattern and (ii) the relatively longer credit terms we provided to F.K. and Pan-Exp Engineering Pte. Limited. If our customers were to become insolvent, significantly delay their payments or otherwise become unable or unwilling to settle their outstanding receivables in a timely manner or at all, our liquidity could be materially adversely affected and we would have to write off receivables or increase provisions against receivables, which could materially adversely affect our business, financial position and results of operations.

***Our ability to recover payments under warranties may be limited and we may incur additional maintenance costs.***

The warranties provided from MTU and Bergen are global and valid for 12 months and 24 months from the commercial operation date, respectively. To the extent that damage occurs after the expiration of the warranties, we will bear the costs of repair or replacement. If we are unable to repair or replace the engines, the power production of our DPG stations will suffer and our operational costs may increase. Even if our engines are subject to the warranties, we may encounter difficulties or incur costs enforcing the warranties against the manufacturers. To the extent that we incur unexpected costs or have reduced production capacity, our business, financial condition, results of operations and prospects may be materially and adversely affected.

***Our insurance policies may not offer sufficient coverage, and we will suffer any damage not covered by insurance.***

We hold insurance policies for our SI and IBO businesses. We cannot assure you that insurance proceeds from these policies will adequately cover all losses sustained or that insurance from the relevant policies will continue to be available in the future in amounts adequate to insure against our operational losses or property damage. For example, we may be responsible for repair costs under the warranties we provide to the extent that such costs exceed our insurance policy coverage.

Various factors outside of our control may affect the availability of insurance coverage, as well as premium levels for our policies. We have experienced difficulties in obtaining insurance coverage in respect of our operations in jurisdictions such as Myanmar because of the lack of a well-developed market for international insurance carriers. If the availability of insurance coverage is significantly reduced, we may become exposed to certain risks for which we are not or cannot be insured. In addition, we cannot assure you that comprehensive insurance coverage will be available in the future or on commercially reasonable terms. If premium levels for insurance coverage required for our operations or facilities increase significantly, we could incur substantially higher costs for such coverage, which could have material adverse effect on our business, financial condition, results of operations and prospects.

We do not fully insure against all operating hazards, including certain risks of doing business in emerging markets, the risks of war, terrorism, expropriation, nationalization, renegotiation or nullification of existing contracts, changes in taxation policies, currency exchange restrictions, changing political conditions or international monetary fluctuations. If our operations suffer a material uninsured loss or if any insured loss significantly exceeds available insurance coverage, our business, financial condition, results of operations and prospects may be adversely affected.

Our ability to recover proceeds pursuant to our insurance policies may be subject to financial limitations on the liability of our respective insurance policies. There may also be thresholds to the amount of loss suffered and the duration of loss or business interruption before insurance proceeds are paid to us. We may also be subject to restrictions on the amount recoverable for certain types of losses. Such insurance policy provisions restrict our ability to claim for the full amount of our losses, which may subject us to damage that may materially and adversely affect our business, financial condition, results of operations and prospects.

***Negative publicity against us, our strategic partners, our suppliers, our customers or any of our or their affiliates could cause us reputational harm and could have a material adverse effect on our business, financial condition, results of operations and prospects.***

From time to time, we, our strategic partners, our suppliers, our customers or any of our or their affiliates may be subject to negative publicity in relation to our or their business or staff, including publicity covering issues such as anti-corruption, safety and environmental protection. For example, in December 2013, Rolls-Royce Holdings plc ("Rolls-Royce"), an affiliate of MTU, announced that it had been informed by the U.K. Serious Fraud Office (the "SFO") that the SFO had commenced a formal investigation concerning allegations of malpractice in overseas markets, including Indonesia and China. Rolls-Royce is a global engine manufacturer that is an affiliate of some of our major engine suppliers. As of the Latest Practicable Date, we were not aware of any material adverse impact caused by such investigation on our relationships with our engine suppliers.

Such negative publicity, however, even if later proven to be false or misleading, and even where the entities or individuals implicated are members or employees of our strategic partners, suppliers, customers or our or their affiliates and not of us, could lead to a temporary or prolonged negative perception against us by virtue of our affiliation with such strategic partners, suppliers, customers or affiliates. Our reputation in the marketplace is important to our ability to generate and retain business. In particular, damage to our reputation could be difficult and time-consuming to repair, and our business, financial condition, results of operations and prospects may be materially and adversely affected.

***The loss of one or more of our senior managers of our experienced management team or key employees may adversely affect our ability to conduct our business and implement our strategy.***

We depend on our experienced management team and the loss of one or more key senior managers or employees could have a negative impact on our business. We also depend on our ability to retain and motivate key employees and attract qualified new employees. A number of our employees are required to have specialized training and certifications. If we fail to attract and retain personnel with suitable managerial, technical or marketing expertise or maintain an adequate labor force on a continuous basis, our business operations could be materially and adversely affected and our future growth and expansions may be hindered.

We compete with other gen-set system integration provider and gas-fired DPG station owners and operators for a limited pool of personnel with the requisite industry knowledge and experience. Our competitors may be able to offer more competitive packages, or otherwise attract our personnel, which may increase our costs to retain qualified personnel. If we lose a member of the management team or a key employee, we may not be able to replace him or her.

In particular, as we enter new markets in different jurisdictions, we face challenges to find and retain qualified local personnel. An inability to attract and retain sufficient technical and managerial personnel locally could limit our ability to effectively construct or maintain our projects, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Our DPG projects are subject to local legal and regulatory requirements, which will increase compliance costs and uncertainties.***

The development, construction and operation of DPG stations are highly regulated activities, with regulations varying from one jurisdiction to another. Such operations are and will be subject to laws and

regulations governing importation, employment, taxation, the electricity industry, expropriation risk and asset recovery and requirements for foreign investors to carry on business. We may also experience increased costs and delays in production and other schedules as a result of the need to comply with applicable laws, regulations, licenses and permits. In addition to the risk of costly and time-consuming regulatory compliance, we cannot assure you that we will obtain all approvals or required licenses and permits.

Our current and future operations, including power generation from DPG stations, may require licenses and permits from various governmental authorities, in particular relating to the importation of gen-sets, PGSs and parts. Prior to developing properties or commencing operations at our DPG stations, we (along with our intermediate off takers) must obtain permits and licenses and conduct environmental impact studies and other studies. We cannot assure you that we (along with our intermediate off takers) will be able to obtain or maintain all necessary licenses or permits that may be required at all, or on terms that enable operations to be conducted at economically justifiable costs. The procedures for obtaining such approvals, permits and licenses vary from country to country, making it onerous and costly to track the requirements of individual localities and comply with the varying standards. Failure to obtain the required approvals, permits or licenses or to comply with the conditions associated therewith could result in fines, sanctions, suspension, revocation or non-renewal of approvals, permits or licenses, or even criminal penalties, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Failure to comply with applicable laws, regulations, licensing or permit requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. We may be required to compensate those suffering loss or damage by reason of our activities, and may have civil or criminal fines or penalties imposed upon us for violations of applicable laws or regulations. Any change in the laws, regulations or policies affecting us or our operations, or their interpretation, could materially and adversely affect our operations or increase our compliance expenses, which could, in turn, materially and adversely affect our business, financial condition, results of operations and prospects.

***We have benefited from government policies benefiting the power industry and such policies may not continue.***

In many countries where we are currently or intend to become active, the distributed power generation markets benefit from government policies. These policies have been primarily enacted to support electrification and DPG, which has increased, and is expected to increase, the demand for our DPG stations. The continuation of these policies depends, to a large extent, on political and policy developments relating to environmental concerns in a given country. Changes in policies could lead to a significant reduction in, or a discontinuation of, the support for renewable energies in such country. A significant reduction in the scope or discontinuation of government incentive programs in our target markets and globally could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Complying with environmental, health and safety laws is expensive and our costs in this regard may increase if laws change.***

Our operations are subject to various environmental, health and safety laws and regulations relating to water, air and noise pollution, the management of hazardous and toxic chemicals, materials and waste and workplace conditions and employee exposure to hazardous substances. Such laws and regulations

generally require us to obtain and comply with conditions contained in various licenses, permits and other approvals. Regulatory compliance for the construction of our new projects is a costly and time consuming process. The environmental laws and regulations in emerging markets are not as developed as in other jurisdictions such as the United States; therefore, despite our taking measures in-line with industry best practices, we cannot assure you that we will remain in full compliance with all environmental laws and regulations at all times. Evolving environmental regulations may require major expenditure for obtaining permits and regulatory compliance and can create the risk of expensive delays or material impairment of project value.

The adoption of new environmental, health and safety laws, policies or regulations, or changes in the interpretation or application of existing environmental, health and safety laws, policies and regulations that modify the present regulatory environment could require compliance procedures that increase our costs and have a material adverse effect on our ability to operate our projects. Furthermore, if we are deemed to be non-compliant with new environmental, health and safety laws and regulations, we may be subject to administrative, civil and criminal proceedings by governmental authorities, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties against us, as well as court or administrative orders that could limit or halt our operations.

Our operations result in the emissions of environmental waste, such as $NO_x$, $CO_2$ and other byproducts from the generation of power from natural gas. These emissions, if not managed properly, or if they reach extreme levels, can result in damage to the environment, pollution and damage to, or destruction of, property and personal injury or loss of life. We cannot assure you that such waste and pollution will not be accidentally discharged and cause such damage or destruction. In addition, our power generation equipment, if not located in proper housing facilities, can result in noise pollution. Any of these factors, if not properly addressed, may result in us incurring significant environmental cleanup costs, the temporary or permanent shut down of operations and/or harm to our reputation in the communities in which we operate, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

Any losses or damages incurred by us due to environmental claims could have a material adverse effect on our business, financial condition, results of operations and prospects.

***Our IBO business is highly dependent on the entities owned and controlled by governments, whose interests may conflict with our business interests. In particular, governments may prohibit us from removing our PGSs at our DPG stations or institute regulatory changes that could have a material adverse impact on our operations without sufficient compensation, if any.***

Our ultimate off-takers have historically been operated as government service providers and, accordingly, their respective governments have historically influenced, and are likely to continue to influence, their strategy and operations. These governments also have the ability to influence and control other government-related entities that are related to our projects, including suppliers of natural gas for our DPG stations. We cannot assure you that the governments will not exercise their control and influence to the benefit of these government-owned or government-related entities. If these entities are required to act in these governments' interests and those interests differ from, or conflict with, our interests, or if the governments favor the interests of these entities over our interests, our business, financial condition, results of operations and prospects could be materially and adversely affected.

*Prohibition on the removal of our PGSs at our DPG stations*

In particular, although, if and when necessary, we can remove our PGSs from our DPG stations at the expiry of an operating agreement or as a result of material breaches by the off-taker and redeploy them to new sites, there could be no assurance that the governments in the countries we operate would allow us to remove or redeploy our PGSs, for example pending the resolution of any litigation disputing the terms and/or breaches of the operating agreement. Although we have purchased insurance policies for any expropriation of our assets in Indonesia, Bangladesh and Myanmar, the insurance policies do not cover the entire value of our project assets. Furthermore, we have not established any contingency plan to mitigate such risk. Therefore, if we are unable to remove or redeploy our PGSs, we could be subject to significant risk of loss of our PGSs. Furthermore, we could forfeit the revenue stream generated from such assets. As a result, our business, financial condition, results of operations and prospects could be materially and adversely affected.

*Regulatory changes that could have a material adverse impact on our operations*.

Furthermore, the governments of the countries in which we operate could institute regulatory changes that could have a material adverse impact on our operations without sufficient compensation, if any. For example, in September of 2011, the Myitsone dam project, a large hydroelectric project in Myanmar, was ordered to be suspended after the replacement of a military government by a civilian government in March of 2011. Our operations are subject to various environmental, health and safety, tax laws and regulations and licensing requirements. Any change in such laws, regulations and requirements could materially and adversely affect our operations. For example, currently, our intermediate off-takers hold the licenses for operating our DPG stations, while we own the assets of the DPG stations. If a government of any of the countries in which we operate in collaboration with intermediate off-takers institutes regulatory changes to prohibit our current business model without sufficient compensation, if any, our business, financial condition, results of operations and prospects and the ability to execute our strategy could be materially and adversely affected. Furthermore, in Bangladesh, we are not subject to any withholding tax based on an exemption under a specific Bangladesh statutory regulatory order. There can be no assurance that such an exemption would not be revoked by the Bangladesh government in the future. Should this occur, our business and operations in Bangladesh would be materially and adversely affected. For more details, see "Financial Information — Description of Key Statement of Profit or Loss Items — Income tax expense".

***We may become involved in costly and time-consuming litigation and other regulatory proceedings, which require significant attention from our management.***

We cannot assure you that we will not become involved in any significant litigation, administrative proceedings or arbitration proceedings in the future and such proceedings may become ordinary course in our business as we expand. Claims may be brought against or by us from time to time regarding, for example, defective or incomplete work, defective products, personal injuries or deaths, damage to or destruction of property, breach of warranty, late completion of work, delayed payments, intellectual property rights or regulatory compliance, and may subject us to litigation, arbitration and other legal proceedings, which may be expensive, lengthy, disruptive to normal business operations and require significant attention from our management.

If we were found to be liable on any of the claims against us, we would incur a charge against earnings to the extent a reserve had not been established for coverage. If amounts ultimately realized from the claims by us were materially lower than the balances included in our financial statements, we would incur a

charge against earnings to the extent profit had already been accrued. Charges and write-downs associated with such legal proceedings could have a material adverse effect on our business, financial condition, results of operations and prospects. Moreover, legal proceedings, particularly those resulting in judgments or findings against us, may harm our reputation and competitiveness in the market.

***We may be subject to liabilities associated with the disposal of our operations in Chad.***

In October 2015, we undertook a disposal of our subsidiary in Chad, VPower Chad. See "History, Reorganization and Corporate Structure — Disposal of operations in Chad."

Our former subsidiary in Chad designed, invested in, built, leased and operated DPG stations. As of the Latest Practicable Date, it operated a DPG station project in Chad with an installed capacity of approximately 20MW. The DPG industry is inherently subject to risks associated with any failure to comply with local laws and regulations. See "— Risks Related to Our Business and Industry — Unexpected equipment failures or accidents may lead to power production curtailments or shutdowns, personal injuries or damage to the environment", "— Risks Related to Our Business and Industry — Complying with environmental, health and safety laws is expensive and our costs in this regard may increase if laws change" and "— Risks Related to Our Business and Industry — Our DPG projects are subject to local legal and regulatory requirements, which will increase compliance costs and uncertainties." Our former operations in Chad are also subject to many of the other same risks that we face, including, but not limited to, compliance with the anti-corruption laws, health and safety laws, economic sanction laws, export controls and other laws and regulations regarding international business operations, financial and reputational risks, insufficient general liability insurance, failure to adequately contribute to statutory employee benefit plans and litigation, tax and other legal and regulatory compliance risks.

As part of the disposal of our operations in Chad, we entered into an agreement with VPower Chad, pursuant to which VPower Chad agreed to indemnify us for all losses or liabilities relating to the assets of our DPG station in Chad, whether existing prior to, at or after the time of the disposal. The directors of VPower Chad have confirmed that they were not aware of, nor did they receive any actual notices regarding, any material non-compliance of VPower Chad, and the divestment and assignment of liabilities were structured to limit possible liabilities associated with the asset of our DPG station in Chad to VPower Chad. However, there is a risk that plaintiffs or regulators may seek to hold us liable because of our former ownership and operation of the DPG station in Chad. In addition, in the event we incur a loss or liability relating to the operations in Chad, there can be no assurance that VPower Chad will be able to satisfy any indemnity claim or that we will be able to enforce any indemnity claim against VPower Chad.

***Our research and development may not yield the expected results.***

We invest in research and development. However, our research and development may not be successful. We may not be able to successfully develop new commercially viable products. In addition, our competitors may create technology alternatives that could render our products less competitive. Moreover, we may only realize that our research and development efforts will not yield expected results after we have already invested significantly. Even if products are successfully developed, customers may not be receptive to them.

***We may not be able to protect our intellectual property.***

Our ability to compete depends, in part, on our ability to obtain and enforce intellectual property protection for our technology in China and internationally. We currently rely primarily on a combination of

trade secrets, patents, copyrights, trademarks and licenses to protect our intellectual property. If we fail to enforce our intellectual property rights, our businesses may suffer. We, our manufacturers or our suppliers, may be subject to third-party claims of infringement on intellectual property rights. These claims, if successful, may require us to redesign the affected products, enter into costly settlement or license agreements, pay damages, or face a temporary or permanent injunction prohibiting us from marketing or selling certain of our products.

***Outbreak of an infectious disease or any other serious public health concerns may adversely impact our business, results of operations and financial condition.***

There have been outbreaks of infectious diseases in Asia, Africa or elsewhere, including Severe Acute Respiratory Syndrome ("SARS") in Asia in 2003, Avian influenza, or bird flu, in Asia in 2004 and 2005, Influenza A ("H1N1") globally in 2009 and Ebola virus in West Africa in 2014. The outbreak of such Infectious diseases together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on the economy and business activity in Asia and elsewhere and thereby adversely impact our revenue. We cannot assure you that any precautionary measures taken against infectious diseases would be effective. Any spread, intensification or recurrence of SARS, bird flu, H1N1, Ebola or other contagious disease or any other serious public health concern in Asia may adversely affect our business, financial condition, results of operations and prospects.

***The results of the United Kingdom's referendum on withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and our business.***

In June 2016, a majority of voters in the United Kingdom elected to withdraw from the European Union in a national referendum. The referendum was advisory, and the terms of any withdrawal are subject to a negotiation period that could last at least two years after the government of the United Kingdom formally initiates a withdrawal process. Nevertheless, the referendum has created significant uncertainty about the future relationship between the United Kingdom and the European Union, including with respect to the laws and regulations that will apply as the United Kingdom determines which European Union laws to replace or replicate in the event of a withdrawal. The referendum has also given rise to calls for the governments of other European Union member states to consider withdrawal. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have a material adverse effect on our business, financial condition and results of operations and reduce the price of our equity shares.

## RISKS RELATED TO EMERGING MARKETS AND THE PRC

***We have assets located in regions that may be subject to terrorist attacks or political instability.***

We have PGSs, DPG stations and other assets located in regions that may be subject to terrorist attacks, economic and political instability. For example, recently in July 2016, Dhaka, Bangladesh suffered a terrorist attack initiated by the Islamic State. Our DPG station in Bangladesh is located far away from where the attack took place. Nevertheless, the attack has led to instability, unrest and uncertainties in the business and financial markets in Bangladesh. We intend to expand our assets globally, including in similar regions. In particular, violent acts arising from and leading to instability and unrest have in the past had, and could continue to have, a material adverse effect on investment and confidence in, and the performance of,

economies in emerging markets, and in turn our business. Such acts may also cause damage to our assets or property or reduce demand for our products. Political and social developments in Indonesia, Bangladesh, Myanmar and African countries have been unpredictable in the past and, as a result, confidence in their economies has been low. Political instability could lead to extended disruptions in our operations and/or adversely affect the local economies, which could adversely affect our business. In addition, our businesses in emerging markets may be nationalized and our assets may be seized if there is future political instability. We cannot assure you that social and civil disturbances will not occur in the future and on a wider scale, or that any such disturbances will not, directly or indirectly, materially and adversely affect our business, financial condition, results of operations and prospects.

***We have assets in regions that are subject to significant risks of earthquakes, volcanic eruption and other natural disasters.***

We cannot assure you that future geological occurrences or other natural disasters will not materially and adversely affect the markets in which our businesses are located. In particular, climate conditions, natural events or other events may delay the construction of our DPG stations and the operations and maintenance of our DPG stations. Indonesia, Bangladesh, Myanmar and African countries, in particular, are at significant risk for natural disasters, including tropical monsoon, storms, landslides, volcanic eruptions, earthquakes and other seismic activities and floods. A significant earthquake or other geological disturbance or other natural disasters in any of our markets could damage our assets or property or disrupt the local economies and reduce demand for our products. The recent global warming and the El Nino effect may intensify extreme weather conditions and cause damage and business interruption to our business operation in these regions, thereby materially and adversely affecting our business, financial condition, results of operations and prospects.

***Lack of transparency, threat of fraud, public sector corruption and other forms of criminal activity involving government officials in countries where we operate may increase our risk for potential liability under anti-corruption legislation and anti-bribery laws.***

We are an international business with operations in developing economies and in countries which are high on the Corruptions Perceptions Index published by Transparency International. We are committed to doing business in accordance with our own code of ethics and with all applicable laws, including the US Foreign Corrupt Practices Act (the "U.S. FCPA") and other international anti-bribery laws that prohibit improper payments or offers of improper payments to foreign governments and their officials and political parties for the purpose of obtaining or retaining business or securing an improper advantage, and require the maintenance of internal controls to prevent such payments. We operate in countries where compliance with anti-corruption laws may conflict with local customs and practices and are subject to the risk that we, our affiliated entities or our or their respective officers, directors, employees and agents may take actions determined to be in violation of such anticorruption laws. Even though some of our local agents or strategic partners may not be subject to the U.S. FCPA or other anti-bribery laws to which we are subject, if our agents or partners make improper payments in connection with our work, we could be found liable for violation of such anti-corruption laws and could incur civil and criminal penalties and other sanctions, including imprisonment, and such costs could have a material adverse effect on our business, financial condition, results of operations and prospects.

Violations of anti-corruption laws may result in criminal and civil sanctions and could subject us to liabilities in the U.S., the UK or elsewhere and may also result in the breach of our financing agreements or other commercial agreements. Actual or alleged violations of anti-bribery laws could disrupt our business operations and have a material adverse effect on our business, financial condition, results of operations and

prospects. Although we maintain an anti-bribery compliance program and train our employees in respect of U.S. FCPA matters, we cannot assure you that our employees or our agents will not take actions that could expose us to potential liability under the U.S. FCPA or other applicable anti-bribery laws.

***Currency fluctuations may adversely affect our revenues and costs.***

We are exposed to currency risk as we have operations in multiple jurisdictions using different currencies. Our supplier contracts are mainly denominated in Euros, Renminbi, U.S. dollars and Norwegian Krones. Our customer contracts are denominated mainly in U.S. dollars, IDR, Renminbi and Euros. We also engage in hedging activities, and as a result, devaluation of the U.S. dollar against local currencies may also cause us to incur losses under our hedging contracts and reduce our profit margin and overall profitability. For more details, see "Financial Information — Market Risks — Currency Risks."

Currency fluctuations in the emerging markets and the PRC have in the past and may in the future materially and adversely affect our business, financial condition, results of operations and prospects. One of the most significant immediate causes of the economic crisis that began in Indonesia in mid-1997 was the depreciation and volatility of the value of the IDR as measured against other currencies, such as the US dollar. In addition, there have generally been limitations on the ability to freely convert and transfer local currencies and U.S. dollars. Modification of exchange rate policies could also result in significantly higher domestic interest rates, liquidity shortages, capital or exchange controls, or the withholding of additional financial assistance by multinational lenders. These changes may result in a reduction of economic activity, an economic recession, loan defaults and increases in the price of imports. Any of the foregoing consequences could materially and adversely affect our business, financial condition, results of operations and prospects.

***Restrictions on currency exchange may limit our ability to receive and use our revenues effectively.***

Any restrictions on currency exchange may limit our ability to use revenues generated in local currencies to fund our business activities in other jurisdictions. For example, China currently has restrictions on the exchange between Renminbi and foreign currencies. Other local governments may also increase their regulation on currency exchanges. Our inability to freely exchange currencies has and will continue to restrict our business activities. The inability to more flexibly respond to business opportunities could materially and adversely affect our business, financial condition, results of operations and prospects.

***Regional or global economic changes may materially and adversely affect the economy and our business in the emerging markets where we operate.***

Economic crises in the regions in which we operate, including currency depreciation, declines in GDP, high interest rates, social unrest and extraordinary political development, have occurred and may occur in the future. Global economic developments are also likely to have a regional impact in Asia and other regions in which we operate. Any downturn in the economies in which we operate will adversely impact demand for our products and the ability to secure business opportunities and other services, which could materially and adversely affect our business, financial condition, results of operations and prospects.

***We are exposed to legal systems with considerable uncertainty.***

The legal principles in Indonesia, Myanmar, Bangladesh, African countries, the PRC and other emerging markets may differ materially from those that would apply within Hong Kong, the United States, European

Union member states and other jurisdictions. The rights and obligations of parties operating in our industry are not clearly established or recognized under legislation or judicial precedent in many other markets. As such, we may be subject to claims or defenses to actions that parties would not encounter in jurisdictions with more established legal regimes. As a result, it may be difficult for us to pursue a claim against our counterparties or defend a claim brought by our counterparties, which in turn may adversely affect our ability to obtain and enforce judgments or increase the cost of pursuing, and the time required to pursue, claims, all of which may materially and adversely affect our business, financial condition, results of operations and prospects.

***Labor activism and unrest in the emerging markets where we operate may materially and adversely affect us.***

Labor unrest and activism in Indonesia, Myanmar, Bangladesh, African countries, the PRC and other emerging markets could disrupt the operations of our DPG stations and the operations of our suppliers, customers, project co-developer, contractors and sub-contractors and could affect the financial condition of companies in Asia in general, depressing the prices of their securities and the value of their currencies relative to other currencies. In many jurisdictions, workers are receiving increased rights to form unions and employer intervention may be increasingly scrutinized. If regulations permitting the formation of labor unions continue to liberalize and economic conditions weaken, labor unrest and activism may increase. Such events could materially and adversely affect our business, financial condition, results of operations and prospects.

**RISKS RELATED TO THE OFFERING**

***There was no prior public market for the Shares immediately prior to the Global Offering, and the market price of the Shares may decrease or fluctuate after the Global Offering.***

Immediately prior to the Global Offering, there was no public market for the Shares. We cannot provide any assurance that an active public market for the Shares will develop or be sustained. The public offering price of the Shares was determined through negotiations between the underwriters and us, and it may not necessarily be indicative of the market price after the Global Offering is completed. The prices at which the Shares will trade after the Global Offering will be determined by the marketplace and may be influenced by many factors including:

- our financial results;
- our history and prospects, as well as those of our competitors;
- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenue and our cost structures;
- the valuation of publicly traded companies that are engaged in business activities similar to ours;
- the growth rate of the emerging markets, the PRC and global economies; and
- any volatility in the Hong Kong and international securities markets.

You may be unable to resell the Shares at or above the public offering price and, as a result, you may lose all or part of your investment.

***The market price of the Shares may be volatile, which could result in substantial losses for investors purchasing Shares in the Global Offering.***

The market price of the Shares may fluctuate significantly and rapidly as a result of a variety of factors, many of which are beyond our control, including:

- actual and anticipated variations in our results of operations;
- changes in securities analysts' estimates or market perception of our financial performance;
- announcement by us of significant acquisitions, dispositions, strategic alliances or joint ventures;
- recruitment or loss of key personnel by us or our competitors;
- developments affecting our major customers;
- market developments affecting us or the industry in which we operate;
- regulatory or legal developments, including litigation;
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control;
- fluctuations in trading volumes or the release of lock-up or other transfer restrictions on our outstanding Shares or sales of additional Shares by us; and
- general economic, political and stock market conditions in Hong Kong, the PRC and elsewhere in the world.

Moreover, in recent years, stock markets in general have experienced significant price and volume fluctuations, some of which have been unrelated or disproportionate to the operating performance of the listed companies. These broad market and industry fluctuations may materially and adversely affect the market price of the Shares.

***Future sales or issuances of Shares (or securities related to the Shares) could adversely affect the market prices of the Shares.***

We cannot predict the effect, if any, arising from the market sales of the Shares (or securities related to the Shares) or their availability for sale will have on the market price prevailing from time to time. The market price of the Shares could decline as a result of future sales of substantial amounts of the Shares or other securities related to the Shares in the public market or the issuance of new Shares or other securities, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital in the future at a time and at a price we deem appropriate. In addition, our Shareholders may experience dilution in their holdings to the extent we issue additional securities in future offerings.

Certain amounts of the Shares currently outstanding are and/or will be subject to contractual and/ or legal restrictions on resale for a period of time after completion of the Global Offering. For example, our Controlling Shareholders are subject to a six month lock-up period with respect to their holding of the Shares.

Any future sales or issuances of a significant number of Shares or securities related to Shares by us or any of our Shareholders (including those subject to a lock-up, at any time after the end of the applicable lock-up periods) or the perception that these events may occur could cause the trading price of the Shares to decrease or to be lower than it might be in the absence of these events or perceptions.

***Since there will be a gap of several days between pricing and trading of the Offer Shares, the price of the Offer Shares could fall during the period before trading of the Offer Shares begins.***

The Offer Price of the Offer Shares is expected to be determined on the Price Determination Date. However, the Offer Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be four Hong Kong business days after the Price Determination Date. As a result, investors may not be able to sell or deal in the Offer Shares during that period. Accordingly, holders of the Offer Shares are subject to the risk that the price of the Offer Shares could fall before trading begins as a result of adverse market conditions or other adverse developments, that could occur between the time of sale and the time trading begins.

***You will experience an immediate and substantial dilution in the book value of your investment, and may experience further dilution if we issue additional Shares in the future.***

Based on the Offer Price range, the Offer Price is expected to be higher than the net tangible book value per Share prior to the Global Offering. Therefore, you will experience an immediate dilution in pro forma net tangible book value per Share. In addition, we may issue additional Shares or equity-related securities in the future to raise additional funds, finance acquisitions, pursuant to the exercise of the Pre-IPO Share Option Scheme or the Share Option Scheme or for other purposes. If we issue additional Shares or equity-related securities in the future, the percentage ownership of our existing Shareholders may be diluted. In addition, such new securities may have preferred rights, options or preemptive rights that make them more valuable than or senior to the Shares.

***The sale or availability for sale of substantial amounts of our Shares could adversely affect their trading price.***

Sales of substantial amounts of our Shares in the public market after the completion of the Global Offering, or the perception that these sales could occur, could adversely affect the market price of our Shares and could materially impair our future ability to raise capital through offerings of our Shares.

The Shares owned by our Controlling Shareholders are subject to certain lock-up periods. There can be no assurance that they will not dispose of these Shares following the expiration of the lock-up periods, or any Shares they may come to own in the future. We cannot predict what effect, if any, the significant future sale will have on the market price of our Shares.

***Our existing major Shareholders currently have and will continue to have substantial control over us after the Global Offering, and their interests or actions may conflict with the interests of our other Shareholders.***

Immediately upon completion of the Global Offering, our Controlling Shareholders will own approximately 70.57% of our issued and outstanding Shares, without taking into account the Shares which

may be allotted and issued upon the exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme. Therefore, they will be able to exercise significant influence over all matters requiring Shareholders' approval, including the election of Directors and the approval of significant corporate transactions. They will also have veto power with respect to any shareholder action or approval requiring a majority vote except where they are required by relevant rules to abstain from voting. Such concentration of ownership also may have the effect of delaying, preventing or deterring a change in our control that would otherwise benefit our Shareholders. The interests of the Controlling Shareholders may not always coincide with our or your best interests. If the interests of the Controlling Shareholders conflict with our interests or those of our other Shareholders, or if the Controlling Shareholders choose to cause us to pursue strategic objectives that conflict with our interests or those of other Shareholders, we or those other Shareholders, including you, may be disadvantaged as a result.

***We may not pay any dividends on the Shares.***

We cannot guarantee when, if, or in what form, dividends will be paid on the Shares following the completion of the Global Offering. A declaration of dividends must be proposed by our Board and will be based on, and limited by, various factors, including our business and financial performance, capital and regulatory requirements and general business conditions. Furthermore, we may not have sufficient profits to make dividend distributions to Shareholders in the future, even if our financial statements prepared under HKFRS indicate that our operations have been profitable. For further details on our dividend policy, see "Financial Information — Dividends and Dividend Policy."

***The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ from the laws of Hong Kong and other jurisdictions.***

Our corporate affairs are governed by, among other things, the Memorandum and Articles of the Company and the Cayman Company Law and common law of the Cayman Islands. The rights of Shareholders to take action against our Directors, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from the laws of Hong Kong and other jurisdictions.

***We may have significant discretion as to how we use the net proceeds of the Global Offering and you may not necessarily agree with how we use them.***

Our management may use the net proceeds from the Global Offering in ways that you may not agree with or that do not yield favorable returns for our Shareholders. We plan to use the net proceeds from the Global Offering for expanding our IBO and SI businesses, expanding general administrative support, strengthening our local presence in key markets for our SI and IBO businesses, research and development activities and our working capital and other general corporate purposes. See "Future Plans and Use of Proceeds — Use of Proceeds." However, our management will have discretion as to the actual utilization of the net proceeds within the disclosed scope of planned usage. You are entrusting your funds to our management, upon whose judgment you must depend for the specific uses we will make of the net proceeds from this transaction.

***You should read the entire prospectus carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the Global Offering.***

There has been, prior to the publication of this prospectus, and there may be, subsequent to the date of this prospectus but prior to the completion of the Global Offering, press and media coverage regarding us and the Global Offering, which contained and may contain, among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this prospectus, we disclaim responsibility for them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

You should rely solely upon the information contained in this prospectus, the Application Forms and any formal announcements made by us in Hong Kong in making your investment decision regarding our Shares. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our Shares, the Global Offering or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such data or publication.

Accordingly, prospective investors should not rely on any such information, reports or publications in making their decisions as to whether to invest in our Global Offering. By applying to purchase our Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus and the Application Forms.

***Facts and statistics in this prospectus relating to the market and the industry in which we operate may not be fully reliable.***

Facts and statistics in this prospectus relating to the markets and industries in which we operate, including those relating to the power industry, are derived from various publications of governmental agencies or independent third parties and obtained in communications with various governmental agencies or independent third parties which we believe are reliable. We cannot guarantee, however, the quality or reliability of these materials. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any material fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Joint Sponsors or any other party involved in the Global Offering and no representation is given as to its accuracy and completeness. Investors should not place undue reliance on such facts or statistics.

## DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Listing Rules for the purposes of giving information to the public about us. The Directors collectively and individually accept full responsibility for the accuracy and completeness of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and that there are no other matters the omission of which would make any statement herein or this prospectus misleading.

## GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offering.

The Listing is sponsored by the Joint Sponsors. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price to be determined between the Joint Global Coordinators (on behalf of the Underwriters) and us on the Price Determination Date.

The Offer Price is expected to be fixed by the Joint Global Coordinators (on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around November 18, 2016 and, in any event, not later than November 23, 2016 (unless otherwise determined by the Joint Global Coordinators (on behalf of the Underwriters) and our Company). If, for whatever reason, the Offer Price is not agreed between the Joint Global Coordinators and our Company on or before November 23, 2016, the Global Offering will not become unconditional and will lapse immediately.

Further information about the Underwriters and the underwriting arrangements is set out in the section headed "Underwriting" in this prospectus.

## INFORMATION ON THE GLOBAL OFFERING

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering. Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering," and the procedures for applying for Hong Kong Public Offer Shares are set out in the section headed "How to Apply for Hong Kong Public Offer Shares" and in the relevant Application Forms.

## RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of Offer Shares to, confirm that he/she is aware of the

restrictions on offers for the Offer Shares described in this prospectus. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offer and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

## APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE

We have applied to the Listing Committee of the Hong Kong Stock Exchange for the granting of the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Global Offering (including the Shares that may be issued pursuant to the Over-allotment Option) and the exercise of any options that have been or may be granted under our Pre-IPO Share Option Scheme and Share Option Scheme.

No part of our Shares is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

## OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and Stabilization are set out in the section headed "Structure of the Global Offering" in this prospectus.

## SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Hong Kong Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

## SHARE REGISTER AND STAMP DUTY

Our principal register of members will be maintained by our Company's principal Share registrar, Codan Trust Company (Cayman) Limited in the Cayman Islands and our Hong Kong register of members will be maintained by our Hong Kong Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited.

Dealings in the Shares will be subject to Hong Kong stamp duty. For further details of Hong Kong stamp duty, please seek professional tax advice. Unless otherwise determined by our Board, dividends will

be paid to Shareholders whose names are listed on our register of members in Hong Kong, by ordinary post, at the Shareholders' risk in Hong Kong dollars.

## PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants for the Offer Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding and dealing in the Shares. It is emphasized that none of us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our/their respective affiliates, directors, supervisors, employees, agents or advisers or any other party involved in the Global Offering accepts responsibility for any tax effects or liabilities of holders of the Shares resulting from the subscription, purchase, holding or disposal of the Shares.

## EXCHANGE RATES

Unless otherwise specified, this prospectus contains certain translations for the convenience purposes at the following rates: Renminbi into Hong Kong dollars at the rate of HK$1.00 to RMB0.87056, Renminbi into U.S. dollars at the rate of US$1.00 to RMB6.7760 and Hong Kong dollars into U.S. dollars at the rate of US$1.00 to HK$7.7536. The RMB to HK$ exchange rate is quoted by the People's Bank of China (中國人民銀行) for foreign exchange transactions prevailing on November 4, 2016. The US$ to RMB and US$ to HK$ exchange rates are set forth in the H10 weekly statistical release of the Federal Reserve Board of the United States on October 28, 2016.

No representation is made that any amounts in HK$, RMB, and US$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.

## LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail unless otherwise stated. However, the translated English names of the PRC and foreign nationals, entities, departments, facilities, certificates, titles, laws, regulations (including certain of our subsidiaries) and the like included in this prospectus and for which no official English translation exists are unofficial translations for your reference only. If there is any inconsistency, the names in their original languages shall prevail.

## ROUNDING

Certain amounts and percentages figures included in this prospectus have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table in this prospectus between total and sum of amounts listed therein are due to rounding.

In preparation for the Global Offering, we have sought the following waiver from strict compliance with certain provisions of the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

## WAIVER AND EXEMPTION IN RELATION TO THE PRE-IPO SHARE OPTION SCHEME

Under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, this prospectus is required to include, among other things, details regarding the number, description and amount of any of our Shares which any person has, or is entitled to be given, an option to subscribe for, together with certain particulars of each option, namely the period during which it is exercisable, the price to be paid for Shares subscribed for under it, the consideration (if any) given or to be given for it or for the right to it and the names and addresses of the persons to whom it was given, full details of all outstanding options and their potential dilution effect on the shareholdings upon Listing, as well as the impact on the earnings per Share arising from the exercise of such outstanding options under the Pre-IPO Share Option Scheme.

We granted the Pre-IPO Share Options to 98 eligible participants ("**Grantees**") to subscribe for a maximum of 6,670,000 Shares on the terms set forth in the section headed "Appendix IV — Statutory and General Information — E. Pre-IPO Share Option Scheme" of this prospectus. The Grantees comprise six Grantees who are Directors, directors of the subsidiaries of the Company or otherwise are connected persons of the Company ("**Connected Grantees**"), three Grantees who are members of our Company's senior management ("**Management Grantees**"), two Grantees who are other existing Shareholders ("**Existing Shareholder Grantees**"), and the remaining 87 Grantees who are 85 other employees and two consultants of our Group ("**Other Grantees**"). The two Existing Shareholder Grantees comprise Mr. Joel Castiel and Mr. Li Kin Kwok who hold 8,917,979 and 371,582 issued Shares, respectively.

We have applied (i) to the Stock Exchange for a waiver from strict compliance with the requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix 1A to the Listing Rules and (ii) to the SFC for an exemption from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance in connection with the disclosure of certain details relating to the Pre-IPO Share Options and certain Grantees in this prospectus. In light of the requirements under the relevant regulations described above, we have made the following submissions to the Stock Exchange and the SFC:

(i) the Pre-IPO Share Options are granted to 98 Grantees to subscribe for a maximum of 6,670,000 Shares. The Grantees comprise six Connected Grantees, three Management Grantees, two Existing Shareholder Grantees and 87 Other Grantees;

(ii) our Directors consider that it would be unduly burdensome to disclose full details of all the Pre-IPO Share Options granted by us in this prospectus, which would significantly increase the cost and timing for information compilation, prospectus preparation and printing, which is not in the interest of our Company and our Shareholders as a whole. Our Directors also believe the entitlement of Pre-IPO Share Options of individual Grantees, in particular, those of the Other Grantees, will be of limited value to the potential investors in making their investment decision;

(iii) our Directors, on the other hand, intend to disclose key information of the Pre-IPO Share Options in this prospectus to provide potential investors with sufficient information to make an informed assessment of the potential dilutive effect and impact on earnings per Share of the Pre-IPO Share Options in making their investment decision;

(iv) the following disclosure be made in this prospectus:

i. a summary of the Pre-IPO Share Option Scheme;

ii. the aggregate number of Shares subject to the outstanding Pre-IPO Share Options and the percentage of our Company's issued share capital of which such number represents;

iii. the dilution effect and impact on earnings per Share upon full exercise of the Pre-IPO Share Options;

iv. full details of the Pre-IPO Share Options granted by our Company to Connected Grantees, Management Grantees and Existing Shareholder Grantees, on an individual basis, including all the particulars required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

v. details of all Pre-IPO Share Options granted to the Other Grantees on an aggregate basis, including (a) the aggregate number of the Other Grantees; (b) the aggregate number of Shares underlying the Pre-IPO Share Options; (c) the exercise period of the Pre-IPO Share Options; (d) the consideration then paid for the Pre-IPO Share Options or an appropriate negative statement; and (e) the exercise price of the Pre-IPO Share Options; and

vi. the particulars of the waiver and exemptions granted by the Stock Exchange and the SFC;

(v) a full list of all the Grantees (including the Other Grantees) containing all details as required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance be made available for public inspection as described in "Appendix V — Documents Delivered to the Registrar of Companies and Available for Inspection" of this prospectus.

The Stock Exchange has granted us a waiver, subject to the conditions that:

(i) a certificate of exemption from strict compliance with the relevant Companies (Winding Up and Miscellaneous Provisions) Ordinance requirements is granted by the SFC;

(ii) a summary of the Pre-IPO Share Option Scheme is disclosed in this prospectus;

(iii) the aggregate number of Shares subject to the outstanding Pre-IPO Share Options and the percentage of our Company's issued share capital of which such number represents is disclosed in this prospectus;

(iv) the dilution effect and impact on earnings per Share upon full exercise of the Pre-IPO Share Options is disclosed in this prospectus;

(v) on an individual basis, full details of the Pre-IPO Share Options granted to the Connected Grantees, Management Grantees and Existing Shareholder Grantees are disclosed in this

prospectus, including all the particulars required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(vi) for the Other Grantees, there are full disclosure in this prospectus on all Pre-IPO Share Options granted to them on an aggregate basis, including (a) the aggregate number of such Grantees; (b) the number of Shares underlying the Pre-IPO Share Options; (c) the exercise period of the Pre-IPO Share Options; (d) the consideration paid for the Pre-IPO Share Options or an appropriate negative statement; and (e) the exercise price of the Pre-IPO Share Options; and

(vii) a full list of all the Grantees (including the Other Grantees) who have been granted Pre-IPO Share Options, containing all details as required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance are made available for public inspection in accordance with ''Appendix V — Documents Delivered to the Registrar of Companies and Available for Inspection'' to this prospectus.

The SFC has granted a certificate of exemption under Section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting the Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, subject to the conditions that:

(i) on an individual basis, full details of the Pre-IPO Share Options granted by our Company to the Connected Grantees, Management Grantees and Existing Shareholder Grantees are disclosed in this prospectus, including all the particulars required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(ii) for the Other Grantees, there are full disclosure in this prospectus on all Pre-IPO Share Options granted to them on an aggregate basis, including (a) the aggregate number of such Grantees; (b) the number of Shares underlying the Pre-IPO Share Options; (c) the consideration paid for the Pre-IPO Share Options or an appropriate negative statement; (d) the exercise period of Pre-IPO Share Option; and (e) the exercise price of the Pre-IPO Share Options;

(iii) a full list of all the Grantees (including the Other Grantees) who have been granted Pre-IPO Share Options, containing all details as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance are made available for public inspection in accordance with ''Appendix V — Documents Delivered to the Registrar of Companies and Available for Inspection'' to this prospectus; and

(iv) the particulars of the exemption are set out in this prospectus.

Further details of the Pre-IPO Share Option Scheme are set forth in the section headed "Appendix IV — Statutory and General Information — E. Pre-IPO Share Option Scheme" in this prospectus.

## DIRECTORS

| Name | Residential Address | Nationality |
|---|---|---|
| **Executive Directors** | | |
| Mr. LAM Yee Chun (林而聰) | Flat D, G/F<br>Silver Crest<br>75 Nga Tsin Wai Road<br>Kowloon Tong<br>Kowloon<br>Hong Kong | Chinese |
| Mr. LEE Chong Man Jason (李創文) | 10/F, Grand Mansion<br>10 Playing Field Road<br>Kowloon<br>Hong Kong | Chinese |
| Mr. AU-YEUNG Tai Hong Rorce (歐陽泰康) | 10B, Block 7<br>Cavendish Heights<br>33 Perkins Road<br>Jardine's Lookout<br>Hong Kong | Chinese |
| Mr. LO Siu Yuen (盧少源) | Flat D, 1/F<br>Block 3, Lakeview Garden<br>21 Yau On Street<br>Tai Wai<br>New Territories<br>Hong Kong | Chinese |
| **Non-executive Directors** | | |
| Ms. CHAN Mei Wan (陳美雲) | Flat D, G/F<br>Silver Crest<br>75 Nga Tsin Wai Road<br>Kowloon Tong<br>Kowloon<br>Hong Kong | Chinese |
| Dr. CHAN Ka Keung (陳家強) | Flat C, 18/F<br>Tower 2A<br>The Austin<br>8 Wui Cheung Road<br>Tsimshatsui<br>Hong Kong | Chinese |
| **Independent Non-executive Directors** | | |
| Mr. David TSOI (蔡大維) | 10 Mount Butler Road, 2/F<br>Jardine's Lookout<br>Hong Kong | Chinese |
| Mr. YEUNG Wai Fai Andrew (楊煒輝) | 3A Mount Parker Residences<br>1 Sai Wan Terrace<br>Quarry Bay<br>Hong Kong | Chinese |
| Mr. SUEN Wai Yu (孫懷宇) | G-2/F, 28D<br>Wo Mei Village<br>Sai Kung<br>New Territories<br>Hong Kong | Chinese |

Please see the section headed "Directors and Senior Management" in this prospectus for further details.

## PARTIES INVOLVED IN THE GLOBAL OFFERING

| | |
|---|---|
| **Joint Sponsors**<br>(*in alphabetical order*) | BOCI Asia Limited<br>26th Floor, Bank of China Tower<br>1 Garden Road<br>Central<br>Hong Kong<br><br>Citigroup Global Markets Asia Limited<br>50/F, Champion Tower<br>3 Garden Road<br>Central<br>Hong Kong |
| **Joint Global Coordinators**<br>(*in alphabetical order*) | BOCI Asia Limited<br>26th Floor, Bank of China Tower<br>1 Garden Road<br>Central<br>Hong Kong<br><br>Citigroup Global Markets Asia Limited<br>50/F, Champion Tower<br>3 Garden Road<br>Central<br>Hong Kong |
| **Joint Bookrunners and Joint Lead Managers**<br>(*in alphabetical order*) | BOCI Asia Limited<br>26th Floor, Bank of China Tower<br>1 Garden Road<br>Central<br>Hong Kong<br><br>Citigroup Global Markets Asia Limited<br>(in relation to the Hong Kong Public Offering)<br>50/F, Champion Tower<br>3 Garden Road<br>Central<br>Hong Kong<br><br>Citigroup Global Markets Limited<br>(in relation to the International Offering)<br>33 Canada Square<br>Canary Wharf<br>London E14 5LB<br>United Kingdom |

CMB International Capital Limited
Units 1803-4, 18/F Bank of America Tower,
12 Harcourt Road,
Central,
Hong Kong

Haitong International Securities Company Limited
22/F Li Po Chun Chambers,
189 Des Voeux Road Central,
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
HSBC Main Building,
1 Queen's Road Central,
Hong Kong

**Legal Advisers to Our Company**

*As to Hong Kong and U.S. laws:*
Clifford Chance
27th Floor, Jardine House
One Connaught Place
Hong Kong

*As to Bangladesh laws:*
Dr. Kamal Hossain and Associates
Metropolitan Chamber Building 2nd Floor
122-124 Motijheel CA
Dhaka 1000, Bangladesh

*As to Cayman Islands laws*:
Conyers Dill & Pearman
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*As to Ghana laws:*
JLD & MB Legal Consultancy
1B Quartey Papafio Avenue
Airport Residential Area
Accra
Ghana

*As to Indonesia laws:*
Linda Widyati & Partners in association with
Clifford Chance
DBS Bank Tower
Ciputra World One, 28th floor
Jl Prof Dr Satrio Kav 3-5
Jakarta 12940
Republic of Indonesia

| | |
|---|---|
| | *As to Myanmar laws:*<br>DFDL Myanmar Limited<br>No.134/A, Than Lwin Road<br>Golden Valley Ward (1)<br>Bahan Township (Box 729 GPO)<br>Yangon<br>Myanmar |
| | *As to PRC laws:*<br>King & Wood Mallesons<br>55th Floor, Guangzhou International Finance Center<br>5 Zhujiang Xi Road, Zhujiang New Town<br>Guangzhou, Guangdong 510623<br>PRC |
| | *As to Singapore laws:*<br>Clifford Chance Pte Ltd<br>Marina Bay Financial Centre<br>25th Floor, Tower 3<br>12 Marina Boulevard<br>Singapore 018982 |
| **Legal Advisers to the Joint Global Coordinators and the Underwriters** | *As to Hong Kong and U.S. laws:*<br>Shearman & Sterling<br>12/F, Gloucester Tower<br>The Landmark<br>15 Queen's Road Central<br>Hong Kong |
| | *As to PRC laws:*<br>Commerce & Finance Law Offices<br>6F NCI Tower<br>A12 Jianguomenwai Avenue<br>Beijing<br>PRC |
| **Reporting Accountant** | Ernst & Young<br>Certified Public Accountants<br>22/F, CITIC Tower<br>1 Tim Mei Avenue<br>Central<br>Hong Kong |
| **Industry Consultant** | Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.<br>Room 1018, Tower B<br>No. 500 Yunjin Road<br>Xuhui District<br>Shanghai, 200232<br>PRC |

| | |
|---|---|
| **Receiving Banks** | Bank of China (Hong Kong) Limited<br>1 Garden Road<br>Hong Kong<br><br>Wing Lung Bank Limited<br>16/F Wing Lung Bank Building<br>45 Des Voeux Road Central<br>Hong Kong |

| | |
|---|---|
| **Registered Office in Cayman Islands** | Cricket Square<br>Hutchins Drive<br>PO Box 2681<br>Grand Cayman, KY1-1111<br>Cayman Islands |
| **Headquarters in Hong Kong** | Units 2019-25, 20/F<br>Tower 1, Metroplaza<br>223 Hing Fong Road<br>Kwai Chung, New Territories<br>Hong Kong |
| **Principal Place of Business in Hong Kong** | Units 2019-25, 20/F<br>Tower 1, Metroplaza<br>223 Hing Fong Road<br>Kwai Chung, New Territories<br>Hong Kong |
| **Place of Business in Hong Kong registered under Part 16 of the Companies Ordinance** | Units 2019-25, 20/F<br>Tower 1, Metroplaza<br>223 Hing Fong Road<br>Kwai Chung, New Territories<br>Hong Kong |
| **Company Website** | **www.vpower.com**<br><br>*(The information on the website does not form part of this prospectus)* |
| **Company Secretary** | Mr. CHAN Kam Shing (*HKICPA*)<br>Flat H, 20/F<br>Hoi Tien Mansion<br>15 Tai Koo Wan Road<br>Quarry Bay<br>Hong Kong |
| **Authorized Representatives** | Mr. AU-YEUNG Tai Hong Rorce<br>10B, Block 7, Cavendish Heights<br>33 Perkins Road<br>Jardine's Lookout<br>Hong Kong<br><br>Mr. LO Siu Yuen<br>Flat D, 1/F<br>Block 3, Lakeview Garden<br>21 Yau On Street<br>Tai Wai<br>New Territories<br>Hong Kong |
| **Audit Committee** | Mr. David TSOI (*Chairman*)<br>Mr. YEUNG Wai Fai Andrew<br>Ms. CHAN Mei Wan |

| | |
|---|---|
| **Remuneration Committee** | Mr. YEUNG Wai Fai Andrew (*Chairman*)<br>Ms. CHAN Mei Wan<br>Mr. SUEN Wai Yu |
| **Nomination Committee** | Mr. SUEN Wai Yu (*Chairman*)<br>Mr. LAM Yee Chun<br>Mr. David TSOI |
| **Cayman Islands Principal Share Registrar and Transfer Agent** | Codan Trust Company (Cayman) Limited<br>Cricket Square<br>Hutchins Drive<br>PO Box 2681<br>Grand Cayman, KY1-1111<br>Cayman Islands |
| **Hong Kong Share Registrar** | Computershare Hong Kong Investor Services Limited<br>Shops 1712-1716<br>17/F, Hopewell Centre<br>183 Queen's Road East<br>Wanchai<br>Hong Kong |
| **Compliance adviser** | Haitong International Capital Limited<br>22/F, Li Po Chun Chambers<br>189 Des Voeux Road Central<br>Hong Kong |
| **Principal Bankers** | Bank of China (Hong Kong) Limited<br>Bank of China Tower<br>1 Garden Road<br>Central<br>Hong Kong<br><br>Citibank, N.A.<br>21/F, Citi Tower<br>One Bay East<br>83 Hoi Bun Road<br>Kwun Tong<br>Kowloon<br>Hong Kong<br><br>Standard Chartered Bank (Hong Kong) Limited<br>15/F Standard Chartered Bank Building<br>4-4A Des Voeux Road Central<br>Hong Kong<br><br>The Hongkong and Shanghai Banking Corporation Limited<br>HSBC Main Building<br>1 Queen's Road Central<br>Hong Kong |

***This section contains information relating to the gen-set system integration and DPG market. The information and statistics contained in this section and elsewhere in this prospectus have been derived from publicly available government and official sources, industry statistics and publications and the market research report prepared by Frost & Sullivan which we commissioned. We believe that the sources of such information and statistic are appropriate and we have taken reasonable care in extracting and reproducing such information and statistics. We have no reason to believe that such information or statistics are false or misleading in any material respect or that any fact has been omitted that would render such information or statistics false or misleading in any material respect. Such information and statistics have not been independently verified by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters or any other party involved in the Global Offering or any of our or their respective directors, officers or representatives. No representation is given as to their correctness or accuracy. Accordingly, you should not place undue reliance on such information or statistics.***

## SOURCE OF INFORMATION

We commissioned Frost & Sullivan to conduct market research and prepare a report on the gen-set system integration and DPG market (the "F&S Report"). Frost & Sullivan is an independent global consulting firm that offers market research. We agreed to pay Frost & Sullivan RMB1,400,000 (equivalent to approximately HK$1,608,160) in connection with its preparation of the F&S Report. Our payment of such fee is not contingent upon the results of its research and analysis.

In preparing the F&S Report, Frost & Sullivan conducted detailed primary research which involved in-depth telephone and face-to-face interviews with industry participants. Frost & Sullivan also conducted secondary research which involved reviewing annual reports, industry publications, government publications and data based on its own research database. Frost & Sullivan obtained the figures for various market size estimates from historical data analysis plotted against macroeconomic data, and considered related industry drivers. Its forecasting methodology integrates several forecasting techniques with its internal analytics of critical market elements investigated in connection with its market research work. These elements include, among others, identification of market drivers and restraints and integration of expert opinions. In preparation of the F&S Report, Frost & Sullivan assumed:

- The global economy and the social, economic, and political environment in the markets covered in the report are expected to remain stable throughout the forecast period.

- Key market drivers such as growing power demand in emerging countries, growing demand from data centers and growing demand to supplement renewable energy generation are expected to continue to increase the growth of the global gen-set and PGS market.

- Key market drivers such as improving natural gas supplies, the transition to clean energy and distributed power supply, and government support are expected to continue to increase the development of gas-fired DPG in China, Southeast Asia and other countries covered in the report.

Certain information contained in the F&S Report is referred to and/or quoted in this prospectus. Our Directors confirm that, after making reasonable and due inquiries, there has been no adverse change in the market information since the date of the F&S Report, which may limit, contradict or affect the information in this section.

## MARKET OVERVIEW — ENGINES, GEN-SETS AND PGSs

### Introduction

Engines convert gas, diesel or other types of fuel types into mechanical energy. In a reciprocating internal combustion engine, fuel is combusted to produce hot and compressed gases. The movement of these gases pushes pistons linearly within a cylinder. The movement of the pistons in the cylinder then rotates a crankshaft producing mechanical energy.

In engine-based power generation, the crankshaft in the engine is coupled with an alternator, which is driven by the crankshaft to rotate through a magnetic field, thereby generating electric power. Typically, where an engine is integrated with an alternator and other ancillary components such as control systems, a heat exchanger or other cooling systems and other miscellaneous components, the product is referred to as a gen-set.

Where other ancillary components are further integrated with the gen-set, such as monitoring, ventilation and exhaust systems, and the gen-set is housed within (i) an ISO standard container, (ii) a soundproof canopy, or (iii) a power house, the product is referred to as a PGS.

Gen-sets can vary in power output or capacity, typically ranging from a few kW to more than 10MW. In its SI segment, VPower system integrates gen-sets and PGSs across the entire rated power output spectrum.

**Gen-set Types by Rated Prime Power Output**

| Rated Power Output | Gen-set Type | Typical Applications |
|---|---|---|
| <300kW | Small gen-set | On-site power with low power output requirements, such as small construction sites |
| ≥300kW and <800kW | Medium gen-set | Used by commercial and industrial end-users as back-up power |
| ≥800kW | Large gen-set | Used by heavy-duty industrial users or utility-grade power producers |

*Source: Frost & Sullivan*

### Global Gen-set Market

The global market for gen-sets has grown at a CAGR of approximately 8.8% from 2010 to 2015 in terms of sales revenue, and is expected to grow at a CAGR of approximately 8.7% from 2015 to 2020 by the same measure, and by approximately 4.8% in terms of units shipped. The growth is mainly driven by growing electricity demand in emerging markets, growing demand by data centers, growing demand for supplemental non-dispatchable power, growing demand for DPG and increasing availability of gas.

The Asia-Pacific gen-set market, which is the Group's main market for SI, has experienced faster growth than any other region in the world from 2010 to 2015, growing at a CAGR of approximately 11.9% in terms of sales revenue. This growth has been driven by a strong increase in demand from China, India and other emerging countries in Southeast Asia. It is expected that, over the coming years, the gen-set market in Africa and Middle East may experience the highest growth rate globally, in line with the economic development of the African countries. Currently, the majority of the Group's existing SI customers are located in the PRC, Singapore, Hong Kong, the UAE, South Korea and the Philippines, with Africa remaining

a target market for the Group's SI business. The Group expects to continue to benefit from market growth in these regions.

**Global Gen-set Market Revenue by Geography, 2010-2020E**

| *In US$bn* | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016E | 2017E | 2018E | 2019E | 2020E | CAGR 10-15 | CAGR 15-20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Africa & Middle East** | 1.5 | 1.7 | 1.8 | 2.0 | 2.3 | 2.5 | 2.8 | 3.2 | 3.5 | 3.9 | 4.2 | 10.3% | 11.0% |
| **Asia-Pacific** | 4.2 | 4.7 | 5.2 | 5.9 | 6.6 | 7.4 | 8.2 | 8.9 | 9.8 | 10.7 | 11.8 | 11.9% | 9.8% |
| **Europe** | 2.4 | 2.4 | 2.5 | 2.6 | 2.7 | 2.7 | 2.9 | 3.0 | 3.2 | 3.4 | 3.6 | 3.0% | 5.6% |
| **Latin America** | 1.0 | 1.1 | 1.2 | 1.3 | 1.4 | 1.7 | 1.8 | 2.0 | 2.2 | 2.4 | 2.6 | 11.5% | 8.9% |
| **North America** | 3.0 | 3.1 | 3.4 | 3.6 | 3.8 | 4.1 | 4.4 | 4.7 | 5.0 | 5.3 | 5.7 | 6.5% | 6.9% |
| **Total** | **12.1** | **13.0** | **14.1** | **15.4** | **16.8** | **18.4** | **20.0** | **21.8** | **23.6** | **25.7** | **27.9** | **8.8%** | **8.7%** |

*Source: Frost & Sullivan*

The gen-set market is expected to continue to grow steadily across the entire rated power output spectrum over the next few years.

**Global Gen-set Market Revenue by Rated Power Output, 2010-2020E**

| *In US$bn* | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016E | 2017E | 2018E | 2019E | 2020E | CAGR 10-15 | CAGR 15-20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| <300kW | 4.7 | 5.0 | 5.5 | 6.0 | 6.6 | 7.3 | 8.0 | 8.7 | 9.5 | 10.3 | 11.2 | 9.4% | 8.8% |
| ≥300kW and <800kW | 2.8 | 3.0 | 3.3 | 3.6 | 4.0 | 4.4 | 4.8 | 5.2 | 5.7 | 6.2 | 6.7 | 9.5% | 8.9% |
| ≥800kW | 4.6 | 4.9 | 5.3 | 5.7 | 6.2 | 6.7 | 7.2 | 7.8 | 8.5 | 9.2 | 10.0 | 7.7% | 8.4% |
| **Total** | **12.1** | **13.0** | **14.1** | **15.4** | **16.8** | **18.4** | **20.0** | **21.8** | **23.6** | **25.7** | **27.9** | **8.8%** | **8.7%** |

*Source: Frost & Sullivan*

**Key Growth Drivers and Development Trends**

The market for gen-sets and PGSs is driven by various factors including the following:

- **Increasing availability of natural gas.** An expected increase in the availability of economically-priced natural gas will boost the development of the market for gas-fired gen-sets, PGSs and DPG stations.

- **Growing electricity demand in emerging markets.** Economic growth and China's Belt and Road Initiative are expected to continue to drive demand for electricity in emerging markets in Asia, Africa, Middle East and South America, which will increase opportunities for the power generation industry, including the market for gen-sets, PGSs and DPG stations.

- **Growing demand by data centers for reliable electricity supply.** Growth in global data traffic has driven growth in the global data center market, which in turn is expected to drive demand for gen-sets and PGSs as reliable primary and/or back-up sources of power.

- **Increasing need to supplement non-dispatchable power.** Increasing global emphasis on emissions reduction is expected to continue to increase the adoption of renewable energy. However, most forms of renewable energy such as solar, wind and run-of-river hydropower are non-dispatchable in nature, which creates demand for supplemental dispatchable generating capacity from sources such as gas-fired DPG stations.

- **Increasing availability of biogas.** A supportive regulatory environment, particularly in China, for the continuing development of biogas is expected to increase the availability of biogas, which will further boost the market for gas-fired gen-sets, PGSs and DPG stations.

- **Growing demand for distributed power and development of micro-grids.** The growing application of DPG and micro-grids, particularly in China, is expected to support the growing market for gen-sets and PGSs.

The following trends in the development of gen-sets and PGSs are also expected:

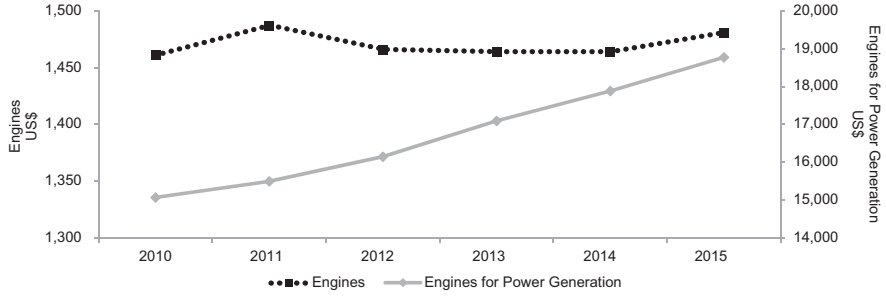
- Technological advancement is likely to result in the increasing popularity of dual-fuel engines in the gen-set and PGSs markets. The benefits of dual-fuel engines include significant reduction in $NO_x$, $CO_2$ and particulate matter over pure diesel engines, and lower fuel and maintenance cost.

- Improvements in modern manufacturing technology are expected to produce smaller, quieter and smarter gen-sets and PGSs, with lower fuel consumption and waste emission.

- "CHP" systems, which are more efficient and have lower carbon dioxide emissions per unit of energy produced, are expected to be adopted more widely.

**Historical Price Trend of Components**

The major components for gen-sets and PGSs are engines. The following charts illustrate the historical prices of engines and power generation engines globally from 2010 to 2015. Prices of engines generally remained stable from 2010 to 2015, primarily a result of the weak recovery of the global economy and downstream demand from the automobile and marine industries. Prices of power generation engines increased from US$15,072 per unit in 2010 to US$18,773 per unit in 2015 at CAGR of 4.5%, which was primarily due to the growing industrial development and continuing urbanization process in emerging countries and regions such as China, India and Southeast Asia.




*Source: Frost & Sullivan*

**Engine Manufacturers**

Globally, engine production (particularly for large gen-set power generation) is dominated by large global manufacturers such as Cummins, MTU and Bergen, Caterpillar Inc. ("**Caterpillar**"), Kohler Company ("**Kohler**"), Perkins, General Electric Company ("**GE**"), Komatsu, Mitsubishi Heavy Industries Ltd. ("**Mitsubishi**") and Wartsila Oyj Abp ("**Wartsila**").

**Global Top 5 Engine Manufacturers (For Power Generation Use), 2015**

| Ranking | Company Name | Units Shipped (Thousands) | Market Share |
|---|---|---|---|
| 1 | Cummins | 83.7 | 11.1% |
| 2 | MTU and Bergen | 45.6 | 6.0% |
| 3 | Caterpillar(1) | 44.8 | 5.9% |
| 4 | Kohler | 39.9 | 5.3% |
| 5 | Perkins | 35.2 | 4.7% |

Note:

(1) Perkins, which is a subsidiary of Caterpillar, is not included

*Source: Frost & Sullivan*

### System Integration Providers

In Asia, VPower was the largest system integration provider for large gen-sets and PGSs utilizing large gen-sets by revenue in 2015. By the same metric, VPower was also among the five largest system integration providers globally in 2015.

**System Integration Providers for Large Gen-sets and PGSs Utilizing Large Gen-sets, Asia, 2015***

| Ranking | Company Name | Location | Business Type | Revenue (US$m) | Market Share |
|---|---|---|---|---|---|
| **1** | **VPower** | **China Based** | **System Integration Provider** | **108.7** | **4.4%** |
| **2** | Cummins | Global Based | Engine Manufacturer, Distributor & System Integration Provider | 99.5 | 4.0% |
| **3** | Caterpillar | Global Based | Engine Manufacturer, Distributor & System Integration Provider | 70.1 | 2.8% |
| **4** | F.G. Wilson Inc. ("**FG Wilson**") | Global Based | System Integration Provider | 44.7 | 1.8% |
| **5** | Tellhow Sci-tech Co. Ltd. ("**Tellhow**") | China Based | System Integration Provider | 44.0 | 1.8% |

**System Integration Providers for Large Gen-sets and PGSs Utilizing Large Gen-sets, Global, 2015***

| Ranking | Company Name | Location | Business Type | Revenue (US$m) | Market Share |
|---|---|---|---|---|---|
| **1** | Caterpillar | Global Based | Engine Manufacturer, Distributor & System Integration Provider | 876.3 | 13.1% |
| **2** | Cummins | Global Based | Engine Manufacturer, Distributor & System Integration Provider | 710.9 | 10.7% |
| **3** | MTU and Bergen | Global Based | Engine Manufacturer, Distributor & System Integration Provider | 373.3 | 5.6% |
| **4** | FG Wilson | Global Based | System Integration Provider | 195.5 | 2.9% |
| **5** | **VPower** | **China Based** | **System Integration Provider** | **112.5** | **1.7%** |

Note:

* Based on units with power output of 800kW and above

*Source: Frost & Sullivan*

Entry barriers for system integration include the following:

- **Technical barriers.** New entrants need time to build up substantial expertise in gen-set and PGS technologies and system integration in order to provide customized solutions for, and reliable products to, their customers.

- **Relationships with engine suppliers.** Engine manufacturers often have long-term partnerships with focused lists of gen-set and PGS distributors and system integration providers, which makes it difficult for new entrants to secure reliable, high-quality engines and other key components.

- **Customer relationships.** Gen-set and PGS customers typically highly value overall product reliability in making purchasing decisions. New entrants may have difficulties attracting new customers and would need time to establish a strong track record.

***Competitive landscape of gen-set / system integration providers***

Some global engine manufacturers also assemble PGSs utilizing self-manufactured engines (such as MTU, Caterpillar and Cummins) for sale, including selling into emerging markets such as those in Asia. In contrast, most system integration providers based within China (such as VPower and Tellhow) buy engines to assemble gen-set or PGSs. VPower competes with these global engine manufacturers and system integration providers in Asia and globally.

Although both engine manufacturers and system integration providers offer PGSs to their customers, the two different business models cater to different customer needs and complement each other. System integration providers, such as VPower, have the flexibility to deploy engines from different engine manufacturers and offer PGSs with higher customization capability, as well as more flexibility in terms of configuration and component selection, which facilitates diverse applications for PGSs. In contrast, engine manufacturers, such as MTU, typically sell PGSs in more standardized forms (using engines manufactured by that particular engine manufacturer), with limited configuration variations and less flexibility for customization. Customized offerings are not necessarily more expensive than standardized items, as standardized items must be designed with the in-built flexibility to cater to a wider range of applications.

For system integration providers focusing on large gen-sets and PGSs (800KW and above), although they have the flexibility to deploy engines from different manufacturers, it is common industry practice for them to use a selected few engine manufacturers for most of their PGSs or gen-sets in order to build stronger relationships with and have better bargaining power against engine suppliers.

**Power Generation Industry and Technology Overview**

**Key Factors Affecting Power Generation Planning**

Depending on the specific circumstances of a particular country or region, different types of power generations are preferred and deployed. From the perspective of a country's electricity industry regulator or state-owned utility company, the following are some of the key factors usually taken into consideration when planning the power generation mix and types to be deployed at a particular load center:

- **Availability and access of fuel supply.** Fuel is typically the largest cost component for power generation, except for renewable means of power generation such as solar, wind and hydro power. Price and availability of a specific fuel type, access to fuel pipeline or ease of fuel transportation are all important factors.

- **Transmission and distribution infrastructure.** Electricity is transmitted from power generation centers to end-users via transmission and distribution infrastructure, which requires significant capital and time to construct. Transmission infrastructure is also subject to geographical constraint, for example, archipelago landscapes create more construction difficulties and higher costs. As a result, availability of transmission and distribution network is an important factor when considering the type of power generation used. Transmission loss occurs when power is transmitted over a long-distance power line network to end-users, usually in the form of heat energy. Transmission loss accounts for approximately 8.6% of electricity generation worldwide. Transmission loss is more severe in the emerging markets due to unsophisticated transmission infrastructure and poor capacity planning. However, it can be significantly reduced if power generation facilities are placed in close proximity to end-users. Hence, location and infrastructure requirements are both important considerations.

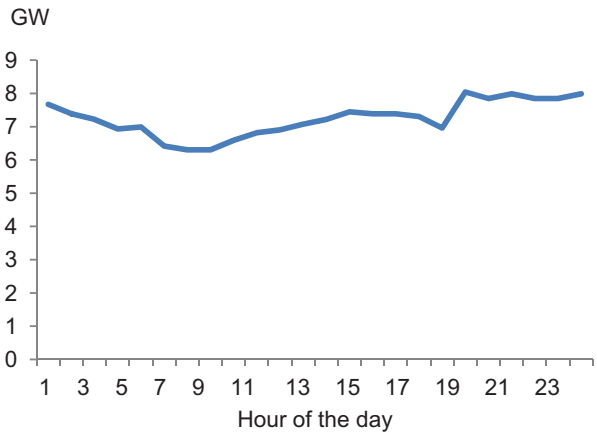
- **Deployment timing.** Typically, electricity industry regulators or state-owned utility companies have both long-term and short-term plans for power generation, which take into consideration the immediate and long-term power demand of a country and a specific load center, as well as the gap in existing power demand and supply. Construction time required for different power generation types are different and thus different power generation types may be deployed in different situations depending on the urgency of power needs.

- **Financing availability.** Power generation infrastructure requires extensive capital investments, and sometimes involves complex project financing and planning, depending on the type of power generation facilities. In many emerging markets, the ability to finance power projects is often a major issue and utility companies tend to face more financing constraints compared to financing in developed markets.

- **Electricity load profile.** Demand for electricity varies during different time of the day, depending on the activity mix of the load center, which typically differs among industrial, commercial and residential use. Electricity load also varies at different times throughout the year. In general, grid-connected power generation mix comprise mainly of base load generation (continuous operation), supplemented by a smaller portion of peak-shaving generation which only operate during peak-demand.

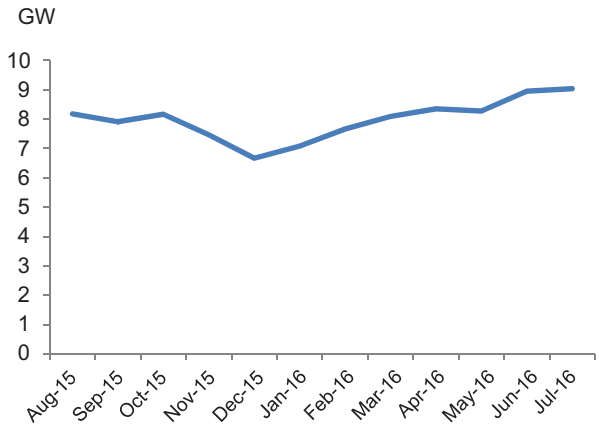
- **Fuel mix and grid stability.** Most means of renewable energy (e.g., hydro, solar, and wind) are non-dispatchable or seasonal and the stability of grid output remains unreliable. Technological development of energy storage is rapidly evolving but still far from being economically efficient for widespread deployment at utility scale. As renewable energy becomes more important in the power generation mix, peak-shaving generation will be in higher demand to ensure grid output stability. Flexibility and availability of power generation type will become increasingly important.

**Daily Load Curve, Bangladesh, July 31, 2016**




*Source: BPDB, Frost & Sullivan*

**Monthly Max Load Curve, Bangladesh, 2015-2016**




*Source: BPDB, Frost & Sullivan*

**Power Generation Project Types**

There are broadly three types of power generation projects: (i) CPG, (ii) DPG, and (iii) TPG. The Group operates in the DPG segment through its IBO business segment. The Group also sells gen-sets and PGSs for use in both DPG and TPG segments through its SI business segment.

- **CPG** refers to permanent power stations including fossil-fuel-fired (such as coal and gas) power plants, as well as wind, solar, hydro, and nuclear plants, that are typically large-scale. CPG plants are grid-connected and the owners generate revenue by selling electricity to utility companies. CPG typically accounts for the majority of grid-connected generation mix of a country and are deployed for base load application. In order to achieve a profitable scale, a CPG plant typically has a large capacity and is usually located far from populated load centers due to site availability and environmental concerns. CPG typically has the lowest fuel cost among the three types of power generation. It requires significant investment in transmission and distribution infrastructure and also incurs the highest amount of transmission loss. Sometimes, CPG plants may not be economical for remote areas as their generation scale may be larger than the demand from proximate load centers and there may be insufficient demand at other load centers to offset the transmission loss from the distance to the other load centers. As CPG requires long planning and construction time (typically ranging from one year to 10 years), utility companies only deploy CPG as part of the long-term planning component of power generation mix. Very often, fuel pipeline, project sites, and transmission and distribution infrastructure are prepared and built in parallel to the construction of CPG plants, adding further uncertainties and possible project delay. CPG often involves high upfront capital that may lead to project financing complexities, which is often a major issue for emerging markets. Utility companies typically sign long-term contract with CPG operators (10 years and above). Hence, CPG is usually preferred by customers in markets with established infrastructure and large continual power needs.

- **DPG** refers to smaller-scale power generation facilities that are located relatively closer to end-users, and thus have lower requirement for transmission and distribution infrastructure and lower transmission loss compared to CPG. Depending on different project needs or specifications, it could be fully, partially, or not connected to the power grid. DPG facility owners typically 1) produce power for their own use, 2) sell to nearby electric loads, 3) sell the surplus

electricity to utility companies after its own use, or 4) lease DPG stations or sell all electricity to utility companies. DPG may be deployed for base load, peak-shaving, support for grid stability and reliability or rural electrification. DPG can be constructed and deployed relatively quickly (typically from two months to one year), and utility companies often deploy DPG stations to satisfy imminent, short-to-medium term demand of electricity. Despite typically having higher generation cost compared to CPG primarily due to lower economics of scale, and hence lower fuel efficiency, DPG requires lower upfront capital investment, which is often an important consideration for utility companies operating in the emerging markets considering their financing constraints and yet immediate need for power. Utility companies often already have fuel and site available when considering DPG deployment, thus reducing timeline uncertainty. Utility companies typically sign shorter term contract with DPG operators compared to CPG, which is typically for at least one year. In the DPG market, it is common industry practice for DPG players to use PGS fleets mostly from 1-2 engine suppliers.

- **TPG** refers to short-term rentals of power generation facilities with or without operation and maintenance for applications in various dedicated on-site power generations including industrial applications (such as oil and gas, mining, construction and manufacturing industries), event-based generation (such as World Cup and the Olympics) and emergency generation (such as standby/backup power and disaster relief). TPG facilities or rental equipment owners generate revenue from renting facilities or equipment and the contracts are usually less than 12 months (and could be as short as days). TPG facilities are primarily diesel powered as diesel can be easily transported and is generally accessible, despite its relatively high fuel cost. TPG is typically not connected to the grid, and majority of the off-taker/customers of TPG are non-utility grade companies.

The following table outlines the typical characteristics of different types of power generation in the emerging markets in which VPower operates. Despite the overlapping range of plant size, DPG operators and TPG providers usually do not compete with each other due to the difference in the nature of business, customer's requirement and capability of supplying relatively long-term stable electricity and TPG projects are mostly event-based as highlighted above.

| Typical Characteristics | CPG | DPG | TPG |
|---|---|---|---|
| **Plant Size** | 50MW to 2GW | 10MW to 200MW | 16kW to 25MW |
| **Plant Location** | Far from load centers | Close to end-users | Close to end-users |
| **Operation Mode** | Base load | Base load / Peak-shaving | Base load, peak-shaving, or back-up |
| **Utilization Rate** | Highest | High | Low |
| **Grid Connection** | Yes | Varies | No |
| **Upfront Capital Required** | High | Low | Low |
| **Fuel Type** | Coal, oil, gas, hydro, nuclear, solar, wind, etc. | Gas, diesel, HFO, solar, wind, small hydro, biogas, biomass, and hybrid system, etc. | Primarily diesel, sometimes gas and HFO |
| **Contract Length** | 10 years and above | 1 year and above | Days to 1 year |
| **Construction Lead Time** | 1 to 10 years | 2 months to 1 year | Less than 3 months |

*Source: Frost & Sullivan*

DPG stations are typically located close to the end-users of electricity. DPG stations could be grid-connected or not, depending on specific circumstances. Owners of DPG facilities typically produce power for (i) their own use, (ii) sale directly to nearby end-users, and/or (iii) sale to electricity utility companies. DPG stations may be deployed to meet base load or peak-shaving requirements, or operated to support grid stability or rural electrification.

***Fast-Track Utility-Grade DPG***

Specifically, within the DPG segment, the Group focuses on fast-track utility-grade DPG projects. Fast-track utility-grade DPG is a sub-segment of DPG, with the following key characteristics:

- **Fast delivery.** Projects are typically required to commence commercial operation within 12 months of being awarded the project, in order to meet an imminent need for incremental generation.

- **Contract term between one and five years, with a high renewal rate.** The high renewal rate observed is primarily a result of chronic power shortages in the relevant market, as well as continuous demand for dispatchable electricity to supplement renewable power generation.

- **Well-structured offtake contracts with utility-grade off-takers.** Offtake contracts typically include either a take-or-pay structure or a fixed capacity-based tariff component. Ultimate off-takers are typically utility companies with sound standalone credit and/or strong governmental support.

- **High mobility.** Stations are typically designed and constructed with multiple modular PGSs, which enable easy equipment re-deployment to another location or for another application.

- **Fuel sources and site supply.** The utility off-taker is typically required to supply the site as well as fuel.

- **Fuel suitability.** Due to fuel availability and its requirement for fast installation and reliable power output (which renders renewable energy such as solar, wind, and hydro inappropriate), gas, diesel and HFO are the most suitable fuel types.

Fast-track utility-grade DPG projects are typically deployed to supplement CPG and other DPG projects. This sub-segment is developing rapidly in many emerging markets where there is a widening supply gap.

**Typical Fuel Types Used in Power Generation**

In fossil fuel-power generation, energy contained in fossil fuels such as natural gas or coal is typically converted into thermal energy, which is then converted into kinetic energy and then finally to electrical energy. The efficiency of this conversion process[1] and the nature and amount of emissions created thereby vary, depending on key factors such as the quality of the fuel and the type of equipment used.

When compared to other fossil fuels typically used in electricity generation, natural gas is superior in terms of thermal efficiency and $CO_2$ emissions per unit of output energy.

[1] Typically simplistically represented by thermal efficiency, which is output electrical energy as a percentage of input energy.

**Comparison of Thermal Efficiency and Average $CO_2$ Emission across Fossil Fuels, Global, 2015**

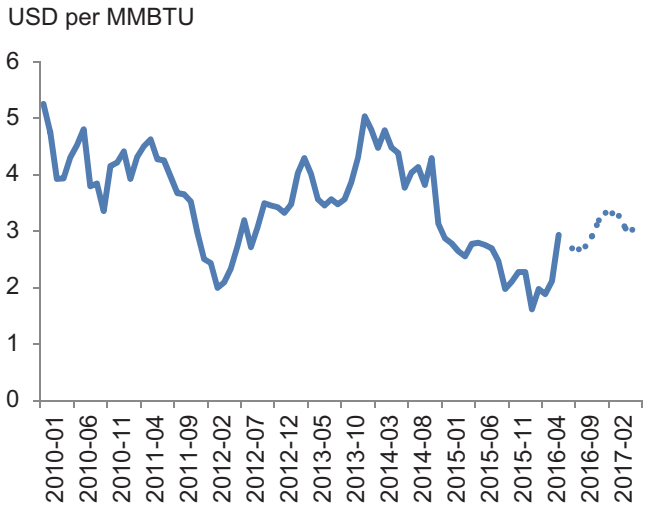
| | Coal | | | Residual Fuel Oil | Distillate Fuel Oil (Diesel) | Natural Gas |
|---|---|---|---|---|---|---|
| | Lignite | Subbituminous | Bituminous | | | |
| **Thermal Efficiency** | 26%-41% | 26%-41% | 26%-41% | 25%-46% | 25%-46% | 30%-60% |
| **$CO_2$ Emission (kg/kWh)** | 1.0 | 1.0 | 0.9 | 0.8 | 0.8 | 0.5 |

*Source: Frost & Sullivan*

Natural gas is also widely available, given the ease with which it can be transported over long distances by land via pipelines or by sea via by LNG tankers after liquefaction. There is a robust international market for LNG. In 2014, approximately a third of all global trade movements in natural gas were in the form of LNG[2].

These factors have been key in making natural gas one of the most important fuel types used in electricity generation in many Southeast Asian markets. Moreover, China, Indonesia, Myanmar and other markets, have recently adopted natural gas as a preferred fuel type and are making further investments in natural gas supply infrastructure for these reasons.

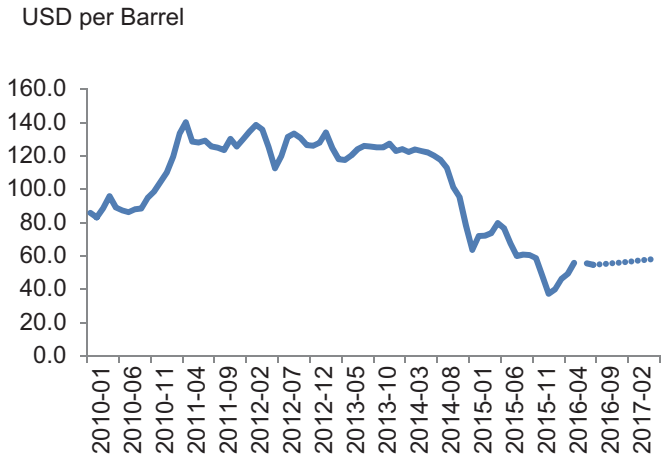
**Spot Price of Natural Gas, Global, 2010 – 2017E**




*Note: Natural gas price is based on US Henry Hub spot price. One-year forecast prices are based on settlement price of futures on July 11, 2016*
*Source: EIA and Frost & Sullivan*

[2] BP Statistical Review of World Energy 2015.

**Spot Price of Diesel, Global, 2010 – 2017E**




*Note: Diesel price is based on Singapore spot price. One-year forecast prices are based on settlement price of futures on July 11, 2016*
*Source: OPEC and Frost & Sullivan*

**Gas-fired Power Generation Technologies**

Engines and turbines are the two prevailing gas-fired power generation technologies being used worldwide.

In a gas turbine, natural gas is fed into a combustion chamber where it is mixed with hot air and ignited, producing a high temperature, high pressure gas steam that enters and expands through the turbine. As this hot combustion gas expands through the turbine, it spins the blades of the turbine, which rotates a generator through a magnetic field to produce electricity. Much of the input energy is lost through the excess heat created in this simple-cycle process, resulting in thermal efficiencies in the approximately 30-40% range. Large-scale (200MW and above) turbine-based CPG projects typically operate in combined-cycle mode, whereby a heat recovery steam generator (HRSG) uses excess heat captured from the turbine exhaust to generate steam, which then drives a steam turbine to generate additional electricity. Thermal efficiencies of approximately 40-60% can be achieved in combined-cycle mode. For DPG applications, gas turbines can typically only be operated in simple-cycle mode, reducing the efficiency, and therefore increasing the costs of power generation.

The Group's PGSs are engine-based. Relative to simple-cycle turbines and at typical DPG project sizes, engines have a longer lifecycle, lower operation and maintenance costs and higher fuel efficiency at both full- and partial-loads, generate lower emissions and are less sensitive to operating temperature and humidity. Engines also require a shorter start-time and have a higher ramp rate, meaning engines are also more flexible in terms of operations and meeting different load profiles. Finally, given their smaller unit-sizes, engines are also more mobile and scalable.

**Technological Comparison of Gas Engine and Gas Turbine**

| | Start-up time | Ramp rate MW/min | Ambient temperature | Output derating above ambient temperature | Average thermal efficiency at partial load |
|---|---|---|---|---|---|
| **Gas engine** | < 5 min | 100 | Less sensitive to temperature & humidity | Lower, normally derate at above 35°C, less sensitive to humidity | • 30-40% at 50% load<br>• 35-55% at full load |
| **Gas turbine (simple - cycle)** | > 30 min | 35~50 | 0.2% less efficiency per degree rise above 15°C | Higher, normally derate at above 15°C (0.2% less efficiency per degree rise), more sensitive to humidity | • <30% at 50% load<br>• 30-40% at full load |

*Source: Frost & Sullivan*

**DPG IN SELECTED POWER MARKETS**

Many emerging markets around the world suffer from a lack of access to electricity (represented by low electrification rates). Often, under-investment in both generation and network infrastructure has been the result of sub-optimal power supply planning and execution, and lack of access to capital. In some cases, these issues are exacerbated in countries spread out over archipelagos or difficult terrain, where network infrastructure could be prohibitively expensive and/or otherwise technically difficult to build. Where existing network infrastructure exists, poor maintenance and/or management have caused high rates of transmission losses.

**Electrification Rates (%), Global, 2014**




*Source: Frost & Sullivan*

**Southeast Asia**

Southeast Asia has experienced strong power demand growth from 2010 to 2015, a trend which is set to continue through to 2020. In many cases, this demand has not been able to be met due to the factors outlined above.

Indonesia, Myanmar and Bangladesh are three of such markets with strong growth in power demand, especially given their low electrification rates and high transmission losses even relative to other Southeast Asian markets.

The Southeast Asian DPG markets are subject to the following major risks:

1) **Volatility of the fuel cost may adversely affect the demand for DPG stations**

Change in fuel prices is an important consideration for policy makers in Southeast Asia when deciding on the capacity mix of their electricity output. Given the weak foreign exchange positions of some countries in Southeast Asia, they are particularly vulnerable to large movements in the price of imported fuel. Therefore, any price volatility in fuel may adversely affect the demand for DPG stations fueled by such fuel. For example, in February 2012, Bangladesh banned the import of new oil-fired turn-key electricity generators, which are essential for the construction of oil-fired DPG stations, as the rising import of oil placed pressure on the country's foreign exchange reserves.

2) **Provision of intermediate solution for utility companies and government authorities before they develop large-scale power supplies and infrastructure in emerging countries may not be viable in the long term**

Although rapidly growing power demand and delays in commissioning of scheduled large-scale power plants lead to strong demand for intermediate solutions to relieve power shortages, such as fast-track DPG, these intermediate solutions may not be viable or the DPG stations may have to switch their function to peak-shaving in the long term when the power demand is saturated and large-scale plants are in position. The scheduled commissioning of large-scale power plants may negatively affect the development of DPG. For example, the Power System Master Plan (PSMP) 2010 of Bangladesh issued in February 2011 stimulated the employment of fast-track DPG as immediate measures to meet the power demand during 2010 and 2012. But the new addition of those plants slowed down in 2013 and 2014 as the large-scale power plants were scheduled to be commissioned.

3) **Local governments in the emerging markets may prohibit DPG players from removing PGSs from their DPG stations. Hence, they will be subject to material risk of loss of assets**

The governments in emerging markets may seek to increase control over natural resources and government involvement in regulating economic activities, including the energy sector. Foreign investors face the risk of expropriation of their assets by the host government without prompt and adequate compensation. Based on our knowledge, there are no historical examples of incidents where local governments have prohibited DPG players from removing PGSs from their DPG stations.

4) **Changes in regulatory regime of the emerging markets could have a material adverse impact on the operation and the DPG players may not be able to claim any compensation from the governments in these countries**

The governments in the emerging market could institute regulatory changes that could have a material adverse impact on the operations in these countries. For example, in September 2011,

the Myitsone dam project, a large hydroelectric project in Myanmar, was ordered to be suspended after the replacement of a military government by a civilian government in March 2011.

**Access to Electricity and Transmission Losses, Southeast Asia, 2014**

| | Singapore | Malaysia | Thailand | Vietnam | Philippines | Indonesia | Bangladesh | Myanmar | Southeast Asia Average | World Average |
|---|---|---|---|---|---|---|---|---|---|---|
| Electrification Rate | 100.0% | 99.4% | 99.3% | 97.3% | 89.7% | 84.3% | 68.0% | 26.0% | 77.9% | 83.1% |
| Transmission Losses | 1.6% | 6.2% | 5.7% | 9.8% | 11.5% | 9.1% | 11.8% | 25.3% | 8.6% | 8.6% |

*Source: Frost & Sullivan*

DPG accounts for approximately 14.4%, 20.3%, 21.4% and 9.2% of the total installed capacity of Indonesia, Myanmar, Bangladesh and rest of Southeast Asia in 2015, respectively. It is expected that DPG will continue to play a major role in meeting the electricity needs of these and other Southeast Asian countries, creating opportunities for DPG providers such as VPower. DPG installed capacity is expected to experience a CAGR of approximately 10.7% from 2015 to 2020 in Southeast Asia, with markets such as Myanmar expected to experience a CAGR of approximately 19.6% over the same period.

**DPG Installed Capacity, Southeast Asia, 2010-2020E**

| *In GW* | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016E | 2017E | 2018E | 2019E | 2020E | CAGR 10-15 | CAGR 15-20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Indonesia | 4.3 | 5.3 | 6.4 | 7.3 | 8.1 | 8.6 | 9.3 | 10.1 | 10.8 | 11.6 | 12.5 | 15.1% | 7.8% |
| Myanmar | 0.2 | 0.2 | 0.3 | 0.4 | 0.9 | 1.1 | 1.3 | 1.5 | 1.8 | 2.2 | 2.6 | 38.8% | 19.6% |
| Bangladesh[1] | 0.6 | 1.7 | 2.1 | 2.2 | 2.5 | 2.6 | 3.0 | 4.0 | 4.1 | 4.1 | 4.1 | 34.5% | 9.4% |
| Rest of Southeast Asia | 8.5 | 8.7 | 9.1 | 9.7 | 10.4 | 11.6 | 12.9 | 14.4 | 16.1 | 18.1 | 20.4 | 6.4% | 12.0% |
| **Total** | **13.6** | **15.9** | **17.9** | **19.5** | **21.8** | **23.9** | **26.4** | **30.0** | **32.8** | **36.0** | **39.7** | **12.0%** | **10.7%** |
| Diesel + HFO[1] | 9.3 | 11.2 | 12.7 | 13.3 | 14.3 | 15.4 | 15.4 | 17.1 | 18.0 | 18.9 | 19.5 | 10.4% | 4.9% |
| Gas | 2.7 | 3.0 | 3.3 | 4.0 | 4.8 | 5.5 | 7.4 | 8.7 | 10.1 | 11.8 | 14.1 | 15.7% | 20.7% |
| Coal | 0.5 | 0.6 | 0.6 | 0.6 | 0.7 | 0.7 | 0.7 | 0.8 | 0.8 | 0.8 | 0.7 | 5.6% | 0.9% |
| Renewables[2] | 1.0 | 1.1 | 1.3 | 1.6 | 2.0 | 2.3 | 2.9 | 3.4 | 3.9 | 4.5 | 5.3 | 17.7% | 17.9% |
| **Total** | **13.6** | **15.9** | **17.9** | **19.5** | **21.8** | **23.9** | **26.4** | **30.0** | **32.8** | **36.0** | **39.7** | **12.0%** | **10.7%** |

Notes:

(1) The forecast of HFO-fired DPG plant is based on a tentative BPDB call for bidding of 10 HFO-fired power plants with a total capacity of 1.0GW. All the plants are assumed to be completed in 2017.

(2) Include solar, wind, hydro, and biomass.

*Source: Frost & Sullivan*

Gas-fired DPG installed capacity is expected to grow at a CAGR of approximately 20.7% from 2015 to 2020, outstripping overall growth for DPG installed capacity over the same period. This is primarily due to the ability of gas-fired DPG to provide continuous and stable output, the widespread availability of natural gas as a fuel, the relative cost effectiveness of natural gas-based generation, and the relative cleanliness and environmental friendliness of natural gas versus other fossil fuels.

***DPG Players in Southeast Asia***

In 2015, VPower was the largest private gas-fired engine-based DPG station owner and operator in Southeast Asia with secured installed capacity in operation or under construction of 456.0MW as of

December 31, 2015. Including turbine-based installed capacity, VPower was the fourth largest private gas-fired DPG station owner and operator in Southeast Asia. In many countries in Southeast Asia including Indonesia and Myanmar, both state-owned entities (e.g., PLN and EPGE) and private sector entities own and operate DPG stations. The private sector consists of a few global players such as Aggreko, APR Energy, VPower, a few Asian players such as Maxpower and dozens of single-country players. In terms of installed capacity in 2015, the aggregate market share of top five private players was 40.2% and VPower accounted for 3.6% of the gas-fired DPG market. As gas-fired DPG can be deployed within one year (three to six months for engine-based), only a few players such as VPower, who is in the rapid expanding stage of its IBO business, and Amata B Grimm had announced significant projects under construction at the end of 2015.

**Gas-fired DPG Secured Installed Capacity of Top 5 Private Players, Southeast Asia, 2015**

| *MW* | Turbine-based Installed Capacity | Engine-based Installed Capacity | Total |
|---|---|---|---|
| Amata B. Grimm Power Holding Ltd. ("**Amata B Grimm**") | 707.0 | – | 707.0 |
| Gulf JP Company Limited ("**Gulf JP Co.**") | 684.0 | – | 684.0 |
| Glow Energy PCL ("**Glow Energy**") | 501.0 | 23.0 | 524.0 |
| **VPower** | **–** | **456.0** | **456.0** |
| Maxpower Group ("**Maxpower**") | – | 236.7 | 236.7 |

*Source: Frost & Sullivan*

In the gas-fired fast-track utility-grade DPG market, VPower was also the largest private owner and operator in Southeast Asia by the same metric.

**Gas-fired Fast-track Utility-grade DPG Secured Installed Capacity, Southeast Asia, 2015**

| *MW* | |
|---|---|
| **VPower** | **456.0** |
| Maxpower | 236.7 |
| Aggreko plc ("**Aggreko**") | 155.0 |
| APR Energy LLC ("**APR Energy**") | 102.0 |
| PT ABM Investama Tbk. ("**ABM Investama**") | 22.5 |

*Source: Frost & Sullivan*

**Indonesia**

In Indonesia, power demand has experienced significant growth from 2010 to 2015, and is expected to continue to experience strong growth from 2015 to 2020, driven primarily by government policies aiming at stimulating industrial production growth and continuing population and urbanization growth. In order to meet this demand, the national electricity company, PLN, has announced a plan to invest approximately US$71.1 billion in power infrastructure over 2013 to 2022, in conjunction with a plan to add approximately 16.9GW in incremental generation, and approximately 3.9 GW DPG capacity is expected to be installed from 2015 to 2020.

**Key Power Metrics, Indonesia, 2010-2020E**

| *In GW* | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016E | 2017E | 2018E | 2019E | 2020E | CAGR 10-15 | CAGR 15-20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Peak Demand | 28.9 | 33.9 | 38.5 | 45.8 | 46.5 | 49.9 | 56.6 | 62.7 | 71.5 | 89.8 | 94.7 | 11.5% | 13.7% |
| Peak Demand + Reserve Margin[1] | 34.9 | 39.9 | 44.5 | 51.8 | 54.5 | 57.9 | 64.6 | 70.7 | 80.5 | 99.8 | 105.7 | 10.7% | 12.8% |
| Installed Capacity[2] | 34.0 | 39.9 | 45.3 | 50.7 | 54.6 | 59.5 | 65.2 | 72.0 | 79.8 | 89.0 | 99.6 | 11.8% | 10.9% |
| Excess / (Shortfall) based on Existing & Planned Installed Capacity | (0.9) | (0.0) | 0.8 | (1.2) | 0.2 | 1.6 | 0.6 | 1.3 | (0.6) | (10.8) | (6.0) | | |

Notes:

(1) Reserve margin is the actual reserve margin based on PLN public disclosure.

(2) Installed capacity for 2016E-2020E represents existing and planned installed capacity.

*Source: Frost & Sullivan*

Fast-track utility-grade DPG is also particularly applicable, given (i) the imminent prospect of serious supply shortfalls without incremental generation, and (ii) the role of PLN as the overall national off-taker of electricity in Indonesia. In addition, given the abundance of domestic gas reserves and the phasing out of subsidies for diesel-fired power generation, the levelized cost of gas-fired DPG is low in Indonesia relative to most other alternatives.

**Levelized Cost of DPG, Indonesia, 2015**

| *In US$/MWh* | Solar | Diesel | Geothermal | Biomass | Wind | Gas | Coal |
|---|---|---|---|---|---|---|---|
| **Levelized cost of DPG** | 300 | 270 | 200 | 139 | 110 | 105 | 85 |

*Source: Frost & Sullivan*

As a result of these factors, gas-fired DPG installed capacity in Indonesia is expected to grow at a CAGR of approximately 19.4% from 2015 to 2020, the fastest growth rate among other alternatives over this period. As an absolute quantum, this represents an incremental addition of approximately 2.7GW from 2015 to 2020.

**DPG Installed Capacity by Fuel, Indonesia, 2010-2020E**

| *In GW* | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016E | 2017E | 2018E | 2019E | 2020E | CAGR 10-15 | CAGR 15-20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Gas | 0.8 | 1.0 | 1.3 | 1.5 | 1.7 | 1.9 | 2.5 | 2.9 | 3.3 | 4.0 | 4.6 | 19.8% | 19.4% |
| Hydro | 0.1 | 0.2 | 0.2 | 0.3 | 0.3 | 0.4 | 0.5 | 0.5 | 0.5 | 0.6 | 0.7 | 23.7% | 11.2% |
| Diesel | 3.0 | 3.7 | 4.4 | 4.9 | 5.2 | 5.4 | 5.4 | 5.6 | 5.8 | 5.8 | 6.0 | 12.8% | 2.0% |
| Coal | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 10.0% | (1.4%) |
| Geothermal | 0.2 | 0.3 | 0.3 | 0.4 | 0.5 | 0.6 | 0.7 | 0.8 | 0.8 | 0.9 | 1.0 | 23.7% | 11.2% |
| **Total** | **4.3** | **5.3** | **6.4** | **7.3** | **8.1** | **8.6** | **9.3** | **10.1** | **10.8** | **11.6** | **12.5** | **15.1%** | **7.8%** |

*Source: Frost & Sullivan*

***DPG Players in Indonesia***

As of the end of 2015, VPower was the largest private gas-fired DPG station owner and operator in Indonesia in terms of secured installed capacity in operation or under construction, and the largest private

fast-track utility-grade DPG station owner and operator in Indonesia under the same metric. In terms of installed capacity in 2015, the aggregate market share of top five private players was 45.2% and VPower accounted for 8.0% of the gas-fired DPG market.

**Gas-fired DPG Secured Installed Capacity (Operational and Under Construction) of Top 5 Private Players, Indonesia, 2015**

*In MW*

| | |
|---|---|
| **VPower** | **206.4** |
| PT Krakatau Posco ("**Krakatau Posco Energy**") | 200.0 |
| Maxpower | 186.7 |
| PT Dalle Energy ("**Dalle Energy**") | 170.0 |
| PT Asta Keramasan Energy ("**Asta Keramasan Energy**") | 145.0 |

*Source: Frost & Sullivan*

**Fast-track Utility-grade DPG Secured Installed Capacity (Operational and Under Construction) of Top 5 Private Players (including gas-fired and diesel-fired), Indonesia, 2015**

*In MW*

| | |
|---|---|
| **VPower** | **206.4** |
| Maxpower | 186.7 |
| ABM Investama | 185.9 |
| Aggreko | 170.0 |
| APR Energy | 135.0 |

*Source: Frost & Sullivan*

### Myanmar

In Myanmar, power demand has experienced significant growth from 2010 to 2015, and is expected to continue to experience strong growth from 2015 to 2020, driven primarily by the country's rapid industrialization and more liberal economic policies. On the supply side, Myanmar is also highly reliant on non-dispatchable hydropower, which currently accounts for approximately 65% of the country's total installed capacity in 2015. However, hydropower in Myanmar is mostly intermittent in nature, leaving firm capacity at only approximately 35% during the dry season from November to April.

**Key Power Metrics, Myanmar, 2010-2020E**

| *In GW* | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016E | 2017E | 2018E | 2019E | 2020E | CAGR 10-15 | CAGR 15-20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Peak Demand | 1.5 | 1.6 | 1.8 | 2.1 | 2.4 | 2.7 | 3.1 | 3.6 | 4.1 | 4.8 | 5.5 | 12.2% | 15.0% |
| Installed Capacity – Total | 3.3 | 3.4 | 3.6 | 3.9 | 4.7 | 5.3 | 5.5 | 6.4 | 6.7 | 7.2 | 7.7 | 10.2% | 7.8% |
| Installed Capacity – Hydro | 2.3 | 2.5 | 2.5 | 2.7 | 3.0 | 3.5 | 3.5 | 4.0 | 4.0 | 4.1 | 4.2 | 8.5% | 3.8% |
| Installed Capacity – Firm | 0.6 | 0.7 | 0.9 | 1.1 | 1.7 | 1.9 | 2.1 | 2.8 | 3.4 | 3.9 | 4.5 | 24.8% | 19.2% |
| Excess / (Shortfall) based on Firm Installed Capacity[1] | (0.9) | (0.9) | (0.9) | (1.0) | (0.7) | (0.8) | (1.0) | (0.8) | (0.7) | (0.9) | (1.0) | | |

Note:

(1) Calculated by subtracting firm installed capacity from peak demand.

*Source: Frost & Sullivan*

Fast-track utility-grade DPG is also particularly applicable, given (i) the imminent and recurring need to meet serious supply shortfalls during dry seasons, (ii) the continuing delays in implementing CPG projects due to a lack of an established framework and track record for CPG project development, and (iii) the role of EPGE as the overall national off-taker of electricity in Myanmar. In addition, given the abundance of domestic gas reserves, gas-fired DPG stations provide a particularly compelling solution to meet Myanmar's unique supply profile.

As a result of these factors, gas-fired DPG installed capacity in Myanmar is expected to increase by approximately 1,507MW from 2015 to 2020, representing a CAGR of approximately 24.2% from 2015 to 2020, the fastest growth rate among other alternatives over this period.

**DPG Installed Capacity by Fuel, Myanmar, 2010-2020E**

| *In MW* | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016E | 2017E | 2018E | 2019E | 2020E | CAGR 10-15 | CAGR 15-20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Gas | 30 | 50 | 50 | 150 | 562 | 770 | 962 | 1,172 | 1,472 | 1,802 | 2,277 | 91.4% | 24.2% |
| Diesel + HFO | 180 | 190 | 262 | 228 | 310 | 310 | 310 | 330 | 350 | 370 | 370 | 11.5% | 3.6% |
| **Total** | **210** | **240** | **312** | **378** | **872** | **1,080** | **1,272** | **1,502** | **1,822** | **2,172** | **2,647** | **38.8%** | **19.6%** |

*Source: Frost & Sullivan*

***DPG Players in Myanmar***

As of December 31, 2015, VPower was the largest private gas-fired DPG station owner and operator in Myanmar in terms of secured installed capacity in operation or under construction. In terms of installed capacity in 2015, the aggregate market share of top five private players was 47.6% and VPower accounted for 6.5% of the gas-fired DPG market.

**Gas-fired DPG Secured Installed Capacity (Operational and Under Construction) of Top 5 Private Players, Myanmar, 2015**

| *In MW* | |
|---|---|
| **VPower** | **249.6** |
| Aggreko | 115.0 |
| APR Energy | 102.0 |
| Maxpower | 50.0 |
| UPP Holdings Ltd. ("**UPP**") | 50.0 |

*Source: Frost & Sullivan*

**Bangladesh**

In Bangladesh, power demand has experienced significant growth from 2010 to 2015, and is expected to continue to experience strong growth over 2015 to 2020, driven primarily by expected strong economic growth and continuing population and urbanization growth. In order to meet this demand, the Ministry of Power, Energy and Mineral Resources has announced a plan to invest approximately US$70.5 billion in power infrastructure over 2010 to 2030, in conjunction with a plan to add approximately 30GW in incremental generation, and approximately 1,485MW DPG capacity is expected to be installed from 2015 to 2020.

**Key Power Metrics, Bangladesh, 2010-2020E**

| *In GW* | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016E | 2017E | 2018E | 2019E | 2020E | CAGR 10-15 | CAGR 15-20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Peak Demand | 6.5 | 6.8 | 7.5 | 8.3 | 9.3 | 10.3 | 11.5 | 12.9 | 14.4 | 16.1 | 17.9 | 9.9% | 11.6% |
| Peak Demand + 30% Reserve Margin[1] | 8.4 | 8.8 | 9.8 | 10.9 | 12.0 | 13.4 | 15.0 | 16.8 | 18.7 | 20.9 | 23.3 | 9.9% | 11.6% |
| Installed Capacity[2] | 5.8 | 7.3 | 8.7 | 9.2 | 10.4 | 12.3 | 13.8 | 16.5 | 18.3 | 20.5 | 22.9 | 16.1% | 13.2% |
| Excess / (Shortfall) based on Existing & Planned Installed Capacity | (2.6) | (1.5) | (1.1) | (1.7) | (1.6) | (1.1) | (1.2) | (0.3) | (0.4) | (0.4) | (0.4) | | |

Notes:

(1) Reserve margin is based on BPDB public disclosure.

(2) Installed capacity for 2016E-2020E represents existing and planned installed capacity.

*Source: Frost & Sullivan*

Fast-track utility-grade DPG in Bangladesh is also particularly applicable, given (i) the large demand for electrification in line with economic growth and delay in commissioning base load power plants, and (ii) the role of BPDB as the overall national off-taker of electricity in Bangladesh. In addition, given the low cost of gas in Bangladesh, gas-fired DPG provides a particularly compelling DPG solution in Bangladesh.

As a result of these factors, gas-fired DPG installed capacity in Bangladesh is expected to increase by approximately 335MW from 2015 to 2020, representing a CAGR of approximately 7.3% from 2015 to 2020.

**DPG Installed Capacity by Fuel, Bangladesh, 2010-2020E**

| *In MW* | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016E | 2017E | 2018E | 2019E | 2020E | CAGR 10-15 | CAGR 15-20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Gas | 453 | 550 | 600 | 680 | 680 | 795 | 1,000 | 1,090 | 1,130 | 1,130 | 1,130 | 11.9% | 7.3% |
| Diesel | 90 | 280 | 350 | 380 | 440 | 440 | 510 | 510 | 540 | 540 | 540 | 37.4% | 4.2% |
| HFO[1] | 55 | 870 | 1,140 | 1,135 | 1,348 | 1,398 | 1,448 | 2,448 | 2,448 | 2,448 | 2,448 | 91.0% | 11.9% |
| **Total** | **598** | **1,700** | **2,090** | **2,195** | **2,468** | **2,633** | **2,958** | **4,048** | **4,118** | **4,118** | **4,118** | **34.5%** | **9.4%** |

Note:

(1) The forecast of HFO-fired DPG plant is based on a tentative BPDB call for bidding of 10 HFO-fired DPG stations with a total capacity of 1.0GW. All the DPG stations are assumed to be completed in 2017.

*Source: Frost & Sullivan*

### China

In China, power demand has experienced significant growth from 2010 to 2015. Even though power demand is expected to slow from 2015 to 2020 in line with the rate of growth of the overall economy, planned adjustments to the supply fuel mix is expected to generate significant demand for power installation of clean energy and gas-fired DPG stations.

**Total Power Installed Capacity by Fuel Type, China, 2010-2020E**

| *In GW* | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016E | 2017E | 2018E | 2019E | 2020E | CAGR 10-15 | CAGR 15-20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Solar | 0.2 | 2.2 | 3.4 | 15.9 | 24.1 | 41.7 | 59.2 | 76.3 | 94.6 | 114.6 | 136.8 | 189.6% | 26.8% |
| Other | 25.2 | 17.9 | 21.0 | 25.6 | 23.0 | 25.4 | 27.6 | 30.2 | 33.3 | 37.1 | 41.7 | 0.2% | 10.4% |
| Oil | 9.1 | 7.0 | 6.1 | 5.9 | 5.1 | 5.1 | 5.0 | 5.0 | 4.9 | 4.9 | 4.8 | (11.1%) | (1.0%) |
| Nuclear | 10.8 | 12.6 | 12.6 | 14.7 | 20.1 | 26.1 | 36.5 | 40.5 | 44.5 | 50.3 | 58.0 | 19.2% | 17.3% |
| Gas | 26.4 | 34.2 | 37.7 | 42.8 | 57.0 | 66.4 | 71.5 | 96.9 | 124.0 | 152.7 | 183.1 | 20.2% | 22.5% |
| Wind | 29.6 | 46.2 | 61.4 | 76.5 | 97.2 | 129.3 | 154.9 | 179.6 | 205.1 | 231.3 | 258.4 | 34.3% | 14.8% |
| Hydro | 216.1 | 233.0 | 249.5 | 280.4 | 302.3 | 319.4 | 327.6 | 342.0 | 357.7 | 374.9 | 393.6 | 8.1% | 4.3% |
| Coal | 649.0 | 709.3 | 754.9 | 795.8 | 832.3 | 893.4 | 915.7 | 943.2 | 971.4 | 1,000.6 | 1,030.6 | 6.6% | 2.9% |
| **Total** | **966.4** | **1,062.4** | **1,146.6** | **1,257.6** | **1,361.1** | **1,506.8** | **1,598.0** | **1,713.7** | **1,835.5** | **1,966.4** | **2,107.0** | **9.3%** | **6.9%** |

*Source: Frost & Sullivan*

DPG has been recognized by the NDRC as a key component of its overall strategy to optimize China's power sector. Moreover, given China's increasing shift towards gas as a cleaner form of fossil fuel-based power generation, it is anticipated that growth in China's currently nascent gas-fired DPG market from 2015 to 2020 will outpace DPG growth overall.

**DPG Installed Capacity by Fuel, China, 2010-2020E**

| *GW* | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016E | 2017E | 2018E | 2019E | 2020E | CAGR 10-15 | CAGR 15-20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Biomass | 0.5 | 0.6 | 0.8 | 1.0 | 1.2 | 1.5 | 1.8 | 2.1 | 2.5 | 3.0 | 3.5 | 24.6% | 18.5% |
| Wind | 0.0 | 0.0 | 0.0 | 0.3 | 0.5 | 0.7 | 1.1 | 1.6 | 2.4 | 3.5 | 5.3 | NA | 49.9% |
| Solar | 0.2 | 0.7 | 1.8 | 2.6 | 4.7 | 6.9 | 10.9 | 17.4 | 27.7 | 44.0 | 70.0 | 103.0% | 58.9% |
| Gas | 0.2 | 0.2 | 0.2 | 0.3 | 3.8 | 5.6 | 8.3 | 12.3 | 18.3 | 27.0 | 40.0 | 94.7% | 48.2% |
| Small Hydro | 61.0 | 64.2 | 67.6 | 71.2 | 75.0 | 79.1 | 83.5 | 88.0 | 92.9 | 98.0 | 103.3 | 5.3% | 5.5% |
| **Total** | **61.9** | **65.7** | **70.5** | **75.5** | **85.2** | **93.9** | **105.6** | **121.4** | **143.7** | **175.5** | **222.1** | **8.7%** | **18.8%** |

*Source: Frost & Sullivan*

China's gas-fired DPG market is still at an early stage of development. In 2011, China's government circulated the Guidelines for Development of Natural Gas Distributed Energy, outlining a plan to build approximately 1,000 gas-fired DPG projects between 2011 and 2015, with an overall targeted installed capacity of 50GW by 2020. However, this plan is currently behind schedule, with only approximately 100 projects having actually been built with a total capacity of approximately 5.0 GW between 2011 and 2015, primarily in large cities such as Shanghai, Beijing and Guangzhou. The delay has been mainly attributable to high gas prices and unstable gas supplies, lack of detailed implementing regulations and inconsistent provincial level supportive policies, grid-connection issues and high installation prices due to weak technology localization.

Going forward, the pace of growth for gas-fired DPG in China is expected to pick up as supportive implementation policies continue to be developed. In 2014, the NDRC, National Energy Administration and Ministry of Housing and Urban-Rural Development of the PRC promulgated the Notice on Detailed Regulations on Pilot Projects of Natural Gas Distributed Energy, setting up project application and approval processes. Supportive policies have also been issued by municipal governments such as those in Changsha and Shanghai, with other major cities expected to follow.

China has also made significant progress towards securing sufficient and diversified future supplies of natural gas, with a rapid increase in domestic product (from 99.0bcm in 2010 to 134.5bcm in 2014), heavy

investment in gas pipelines (such as the West-to-East Gas Pipeline Project) and LNG regasification infrastructure, and the strengthening of cooperation with key gas suppliers regionally and globally.

In addition, other factors such as the continuing evolution of market-oriented gas pricing policies, the concurrent focus on developing CHP and CCHP systems, and the overall reform of the domestic power market, are all expected to be positive influences on the continuing development of gas-fired DPG in China in the future.

**Africa**

To an even larger extent than Southeast Asia, Africa has many of the characteristics that create supportive conditions for DPG. With the rapid development of regional economies and an expected increase in aid from developed countries, including the Power Africa Initiative led by the U.S., which intends to double access to power in sub-Saharan Africa, total power demand is expected to grow rapidly in Africa over the coming years. Supply constraints meant that much of this demand has been unmet.

Generally, electrification rates are low and transmission losses are high in Africa, as illustrated in the following table.

**Access to Electricity and Transmission Losses, Africa, 2014**

| | Ghana | Nigeria | South Africa | Egypt | Algeria | Angola | Morocco | Kenya | Africa Average | World Average |
|---|---|---|---|---|---|---|---|---|---|---|
| Electrification Rate | 72.0% | 45.0% | 85.4% | 99.6% | 99.0% | 30.0% | 98.9% | 20.2% | 42.8% | 83.1% |
| Transmission Losses | 21.5% | 15.3% | 8.5% | 11.1% | 18.4% | 11.3% | 16.3% | 18.0% | 12.8% | 8.6% |

*Source: Frost & Sullivan*

It is expected that DPG will play an increasingly prominent role in the power generation mix in Africa, with an average annual growth of approximately 6.5% from 2015 to 2020. As access to gas improves, gas-fired DPG is expected to remain prominent in the overall DPG fuel mix.

**DPG Installed Capacity, Africa, 2010-2020E**

| *GW* | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016E | 2017E | 2018E | 2019E | 2020E | CAGR 10-15 | CAGR 15-20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Diesel+HFO | 2.0 | 2.1 | 2.2 | 2.2 | 2.3 | 2.4 | 2.5 | 2.5 | 2.6 | 2.7 | 2.8 | 4.0% | 3.3% |
| Gas | 4.3 | 4.5 | 4.8 | 5.1 | 5.4 | 5.7 | 6.1 | 6.5 | 6.9 | 7.3 | 7.8 | 5.9% | 6.5% |
| Others | 0.4 | 0.4 | 0.5 | 0.5 | 0.6 | 0.7 | 0.8 | 0.9 | 1.1 | 1.2 | 1.4 | 14.6% | 15.5% |
| **Total** | **6.6** | **7.0** | **7.4** | **7.8** | **8.3** | **8.8** | **9.3** | **9.9** | **10.6** | **11.3** | **12.0** | **5.9%** | **6.5%** |

*Source: Frost & Sullivan*

**Kingdom of Saudi Arabia**

The Saudi Arabian economy is expected to undergo significant change in the coming years, as the country embarks on its "Saudi Vision 2030" to reduce its reliance on oil through structural reforms, development of new industries and improving efficiencies in its economy. As part of those plans, there is a significant investment plan in power generation and a drive to improve the overall efficiency of the power sector, which bodes well for the DPG sector.

**Key Power Metrics, Saudi Arabia, 2010-2020E**

| *In GW* | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016E | 2017E | 2018E | 2019E | 2020E | CAGR 10-15 | CAGR 15-20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Peak Demand | 46.0 | 48.0 | 52.0 | 54.0 | 57.0 | 60.0 | 62.0 | 65.0 | 68.0 | 71.0 | 75.0 | 5.5% | 4.6% |
| Peak Demand + 15% Reserve Margin[1] | 52.9 | 55.2 | 59.8 | 62.1 | 65.6 | 69.0 | 71.3 | 74.8 | 78.2 | 81.7 | 86.3 | 5.5% | 4.6% |
| Installed Capacity[2] | 49.1 | 51.1 | 53.6 | 58.5 | 65.5 | 73.0 | 80.7 | 88.4 | 97.4 | 108.4 | 120.4 | 8.3% | 10.5% |
| Excess / (Shortfall) based on Existing & Planned Installed Capacity | (3.8) | (4.1) | (6.2) | (3.6) | (0.1) | 4.0 | 9.4 | 13.6 | 19.2 | 26.7 | 34.1 | | |

Notes:

(1) Reserve margin is based on Saudi Electricity Company public disclosure.

(2) Installed capacity for 2016E-2020E represents existing and planned installed capacity.

*Source: Frost & Sullivan*

Saudi Arabia is particularly suited to DPG, given (i) the need to increase capacity quickly to meet growing power demand, and (ii) unreliable and inadequate infrastructure and rapid urbanization. In particular, gas-fired DPG is particularly compelling, given the government's plan to reduce dependency on oil for power generation. Gas-fired DPG installed capacity in Saudi Arabia is expected to increase by approximately 11.0GW from 2015 to 2020, representing a CAGR of approximately 22.1% from 2015 to 2020, in line with growth in the overall DPG market over this period.

**DPG Installed Capacity by Fuel, Saudi Arabia, 2010-2020E**

| *In GW* | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016E | 2017E | 2018E | 2019E | 2020E | CAGR 10-15 | CAGR 15-20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Gas | 2.3 | 2.4 | 3.1 | 3.9 | 5.5 | 6.5 | 7.9 | 9.6 | 11.7 | 14.6 | 17.5 | 23.0% | 22.1% |
| Diesel | 0.7 | 0.7 | 0.9 | 1.2 | 1.7 | 2.0 | 2.5 | 3.1 | 3.8 | 4.9 | 5.9 | 24.6% | 23.6% |
| HFO | 0.6 | 0.6 | 0.8 | 1.1 | 1.6 | 1.9 | 2.3 | 2.8 | 3.5 | 4.4 | 5.2 | 25.8% | 22.9% |
| Crude Oil | 1.7 | 1.7 | 2.1 | 2.5 | 3.4 | 3.8 | 4.5 | 5.3 | 6.2 | 7.5 | 8.6 | 18.3% | 17.4% |
| Renewables | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | NA | 47.6% |
| **Total** | **5.2** | **5.5** | **6.9** | **8.8** | **12.2** | **14.2** | **17.2** | **20.9** | **25.3** | **31.4** | **37.3** | **22.2%** | **21.3%** |

*Source: Frost & Sullivan*

The following table shows the currency exchange rate for the dates and periods indicated:

| | Against Hong Kong dollars, as at and for the year ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2013 | | 2014 | | 2015 | |
| | Exchange Rate | Average | Exchange Rate | Average | Exchange Rate | Average |
| Renminbi | 1.281 | 1.262 | 1.250 | 1.259 | 1.194 | 1.234 |
| Euro | 10.684 | 10.301 | 9.384 | 10.303 | 8.419 | 8.604 |
| Norwegian Krones | 1.278 | 1.321 | 1.034 | 1.234 | 0.876 | 0.963 |
| U.S. dollar | 7.754 | 7.757 | 7.755 | 7.755 | 7.750 | 7.753 |
| Indonesian Rupiah | 0.00064 | 0.00075 | 0.00063 | 0.00065 | 0.00056 | 0.00058 |

*Source: Factset*

## REGULATIONS

Our business and operations are subject to the relevant laws, rules and regulations in multiple jurisdictions where we operate and/or have assets. A summary of the material regulations directly relevant to our current and future businesses is set out below.

Neither the Company and other members of the Group, nor any of their respective directors or employees, is conducting any material business activities in Indonesia, Bangladesh, Myanmar and Ghana (the "**IBO Jurisdictions**"). The Group has no legal entity or other incorporated or non-incorporated presence in any of the IBO Jurisdictions. In relation to our IBO business with projects located at our DPG stations in the IBO Jurisdictions, we do not conduct sales activities in the IBO Jurisdictions and our sales activities are primarily conducted from our offices outside of the IBO Jurisdictions and we send our personnel to travel to those countries in order to provide ancillary support only and on the basis of valid temporary visas as necessary. As such, we are not required to obtain any licences, permits, certificates etc. in connection with our execution, delivery and performance of our IBO contracts in the IBO Jurisdictions.

## OVERVIEW OF PRC REGULATIONS

In relation to our factory and operations in the PRC, we are subject to the following material PRC laws and regulations.

### Establishment of entity and foreign investment

The establishment, operation and management of the subsidiary in the PRC is subject to the Company Law of the PRC (《中華人民共和國公司法》) (the "**PRC Company Law**"), which was promulgated by the Standing Committee of the National People's Congress on December 29, 1993 and became effective on July 1, 1994 and was subsequently amended on December 25, 1999, August 28, 2004, October 27, 2005 and December 28, 2013. According to the PRC Company Law, companies are classified as either limited liability companies or joint stock limited companies. A limited liability company or joint stock limited company is an enterprise legal person and is liable for its debts to the extent of all its assets. The liability of a shareholder of a limited liability company is limited to the amount of the shareholder's capital contribution, while the liability of a shareholder of a joint stock limited company is limited to the amount of shares the shareholder subscribed. The PRC Company Law is also applicable to foreign-invested companies, save as otherwise set out in any other regulations.

The establishment procedures, and approval procedures, for foreign exchange restriction, taxation and labor matters of a wholly foreign-owned enterprise are regulated by the Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法) (the "**WFOE Law**"), which was promulgated by the Standing Committee of the National People's Congress on April 12, 1986 and amended on October 31, 2000, and the Implementation Rules for the WFOE Law of the PRC (中華人民共和國外資企業法實施細則), which was promulgated by the State Council on December 12, 1990 and amended on April 12, 2001 and February 19, 2014. According to the WFOE Law and the Implementation Rules, the establishment of wholly foreign-owned enterprises is subject to the approval of commerce authorities and the obtaining of certificate of approval. A foreign investor may remit profits out of the PRC that are lawfully earned from an enterprise with its investment, as well as other lawful earnings and any remaining funds after the liquidation of the enterprise.

Pursuant to the Provisions on Guiding Foreign Investment Direction (指導外商投資方向規定) which was promulgated by the State Council on February 11, 2002 and became effective on April 1, 2002, foreign

investments projects are classified into four categories, namely: encouraged industries projects, permitted industries projects, restricted industries projects and prohibited industries projects. Foreign investment projects which are classified under the "encouraged, restricted and prohibited" categories are listed in the Catalogue for the Guidance of Foreign Invested Industries (外商投資產業指導目錄). Any foreign investment projects which are not listed in Catalogue for the Guidance of Foreign Invested Industries are permitted projects. The current Catalogue for the Guidance of Foreign Invested Industries (2015 Revision) (外商投資產業指導目錄(2015年修訂)), which was promulgated by the National Development and Reform Commission and the Ministry of Commerce of the PRC on March 10, 2015 and became effective on April 10, 2015, stipulates the areas of entry pertaining to the "encouraged, restricted and prohibited" categories of foreign investments.

**Laws and regulations in relation to environmental protection**

The PRC government has formulated and implemented various environmental protection laws and regulations, including the Environmental Protection Law of the PRC (中華人民共和國環境保護法) (which was promulgated on December 26, 1989 and amended on April 24, 2014), the Rules on the Administration concerning Environmental Protection of Construction Projects (建設項目環境保護管理條例) (which was promulgated on November 29, 1998), the Law of the PRC on Environmental Impact Appraisal (中華人民共和國環境影響評價法) (which was promulgated on October 28, 2002), the Law of the PRC on the Prevention and Control of Air Pollution (中華人民共和國大氣污染防治法) (which was promulgated on September 5, 1987 and amended on August 29, 1995, April 29, 2000 and August 29, 2015), the Law of the PRC on the Prevention and Control of Water Pollution (中華人民共和國水污染防治法) (which was promulgated on May 11, 1984 and amended on May 15, 1996 and February 28, 2008), the Law of the PRC on Prevention and Control of Environmental Noise Pollution (中華人民共和國環境噪聲污染防治法) (which was promulgated on October 29, 1996), the Law of the PRC on Prevention and Control of Solid Waste Environmental Pollution (中華人民共和國固體廢物污染環境防治法) (which was promulgated on October 30, 1995 and amended on December 29, 2004, June 29, 2013 and April 24, 2015) and the Measures for the Administration of Examination and Approval of Environment Protection Facilities of Construction Projects (建設項目竣工環境保護驗收管理辦法) (which was promulgated on December 27, 2001).

The above laws and regulations stipulate that pollutant-discharging enterprises, operating entities and other manufacturing operators are required to adopt measures to prevent and control waste gas, sewage, waste residue, medical waste, dust, malodorous gas, radioactive substances generated during manufacturing, construction or any other activities as well as environmental pollution and hazards caused by noise, vibration, ray radiation and electromagnetic radiation. Construction entities must file environmental impact appraisal documents in relation to their construction projects with the competent approving departments of environmental protection in accordance with the requirements of the State Council. The design, construction and commission of facilities for prevention and control of pollution are required by the said laws and regulations to be conducted concurrently with the principal part of the project. The construction entity is also required to, after the completion of the construction, file an application with the competent approving administrative department of environmental protection for it do conduct an assessment on the completed construction project.

**Intellectual Property Right**

***Trademark Law***

Pursuant to the Trademark Law of the PRC (中華人民共和國商標法), promulgated by the Standing Committee of the National People's Congress on August 23, 1982 and amended on February 22, 1993, October 27, 2001 and August 30, 2013, any natural person, legal person or other organization that needs

to obtain exclusive rights to use a trademark for its goods or services during its production and business operations must apply for trademark registration with the Trademark Office of the PRC. Goods that are required to use registered trademarks according to the laws and administrative regulations must receive approval at its trademark registration, as such goods are prohibited from being sold unless registration has been approved by the Trademark Office. The period of validity of a registered trademark is ten years commencing from the date of the registration. If the trademark registrant alters the registered trademark, or changes the name or address of the registrant, or other matters specified in the registration without the prescribed procedure, the local administration for industry and commerce will order corrections be made within a specified time limit, or the registered trademark can be canceled by the Trademark Office, if no corrections are made at the expiry of such specified time limit.

***Patent Law***

Pursuant to the Patent Law of the PRC (中華人民共和國專利法) promulgated by the Standing Committee of the National People's Congress on March 12, 1984 and amended on September 4, 1992, August 25, 2000 and December 27, 2008, patent protection is classified into the three categories of invention patent, design patent and utility model patent. A patentable invention or utility model must possess novel, innovative and practically applicable characteristics. A patent is valid for a term of 20 years in the case of an invention and a term of ten years in the case of a utility model or design, starting from the application date. To avoid infringement of patent rights, a third-party user must obtain consent or a licence from the patent owner to legally use the patent, except for certain specific circumstances provided by relevant laws and regulations.

**Labor Protection**

According to Labor Law of the PRC (中華人民共和國勞動法) promulgated by the Standing Committee of the National People's Congress on July 5, 1994 and amended on August 27, 2009, the employer must establish and maintain policy to safeguard labor safety and sanitation, strictly abide by State rules and standards on labor safety and sanitation, educate employees in labor safety and sanitation, prevent accidents in the process of labor, and reduce occupational hazards.

Pursuant to the Labor Contract Law of the PRC (中華人民共和國勞動合同法) promulgated by the Standing Committee of the National People's Congress on June 29, 2007 and amended on December 28, 2012 and the Implementation Rules on the Labor Contract Law of the PRC (中華人民共和國勞動合同法實施條例) promulgated and became effective on September 18, 2008, the establishment of an employment relationship between an employer and an employee must be evidenced in a written labor contract. An employer must not force any of its employees to work beyond statutory working hours and it must pay overtime allowances to its employees in accordance with the regulation in the PRC. In addition, an employer must remunerate its employees in a timely manner and the remuneration payable to its employees must not be lower than the local minimum wage standard.

Pursuant to the Social Insurance Law of the PRC (中華人民共和國社會保險法) promulgated by the Standing Committee of the National People's Congress on October 28, 2010 and became effective on July 1, 2011, the PRC government has established various social insurance systems, including basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance, to protect the right of citizens in receiving material assistances from the State and the society in accordance with the laws, benefiting senior citizens, patients, those injured at work, unemployed and

pregnant women. Employers are required to contribute, on behalf of their employees, to various social security funds, including funds for basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance. If an employer fails to pay the full amount of social insurance premiums in accordance with the payment schedule, the social insurance premium collection institution shall order the employer to make payment or make up the difference within the stipulated period and impose a daily fine equivalent to 0.05% of the overdue payment from the date on which the payment is overdue. If the overdue payment is not made within the stipulated period, the relevant administration department has power to impose a fine from one to three times the amount of overdue payment on the employer.

Pursuant to the Regulations on the Administration of Housing Provident Funds (住房公積金管理條例) promulgated by the State Council on April 3, 1999 and amended on March 24, 2002, an employer must contribute housing provident funds in full for its employees in a timely manner. The housing provident fund must only be used by employees for purchasing, constructing, overhauling and repairing houses that the employees live in and must not be misused by any unit and individuals for other purposes. If an employer fails to undertake a registration or to open a housing provident funds account for its employees, the administration authority of housing provident funds will impose an order for completion within prescribed time limit. If such employer further fails to do so within the aforesaid time limit, a fine ranging from RMB10,000 to RMB50,000 will be imposed. If an employer fails to fully pay the housing provident funds, the administrative authority of housing provident funds will impose an order for repayment within a prescribed time limit. If such employer fails to make payment within aforesaid time limit, the authority has the right to apply for a compulsory enforcement with the court.

## OVERVIEW OF INDONESIAN REGULATIONS

In relation to our IBO business with DPG stations in Indonesia, the following material Indonesian laws and regulations are relevant to us or the off-takers.

### Electricity Industry

The principal regulation governing the Indonesian power sector is Law No. 30 of 2009 concerning Electricity (the "**Electricity Law**") which came into effect on September 23, 2009. Under the Electricity Law, electricity supply is considered as a strategic sector that must be put under the state's control and managed by the central and regional governments (as relevant based on the principle of regional autonomy) through state-owned or regional-owned enterprise. The Electricity Law, however, permits private business entities, cooperatives and non-governmental entities to participate in the electricity supply business, provided that state-owned enterprises would be given the first priority to supply electricity for public use. If the state-owned enterprises does not take up such role to supply electricity for public use for a certain area, the central government or the relevant regional government (whichever is applicable depending on their respective authority) may offer such right to maintain public electricity supply business to regional-owned enterprises, private business entities or cooperatives.

Under the Electricity Law, the electricity industry is divided into two main sectors, namely the electricity supply business and the electricity supporting business. In Indonesia, the installation, operation, maintenance of the power generation units and the supply of electricity activities are carried out by our local counterparties or the ultimate off-taker.

Based on the prevailing electricity laws and regulations, our intermediate off-takers and/or the ultimate off-taker are required to obtain (i) an electricity supply business license or (ii) an electricity support business license for the relevant power projects.

**Expropriation Risk and Asset Recovery**

The Indonesia Investment Law No. 25 of 2007 protects investors by stating that the government is not allowed to expropriate ownership rights of any investor (including foreign investor), unless by virtue of a legislation issued with approval of the parliament. In the event of expropriation, the government is required to pay such an investor market price compensation (determined based on international standards by an independent appraisal). This protection is only available for foreign investor owning shares in an Indonesian company. We do not have shares ownership in any Indonesian company and our assets are imported by our local counterparties in accordance with the Indonesia Customs Law No. 10 of 1995 as amended and its implementing regulations (the "**Indonesian Customs Law**"). We do not anticipate any legal risk for recoveries of our assets from Indonesia provided it is compliant to the Indonesian Customs Law.

**Requirements for Foreign Investors to Carry On Business**

There are two types of Indonesian incorporated companies - a company with foreign investment capital ("**PMA Company**") and a company with no foreign investors ("**PDMN Company**"). A foreign investor can either establish a PMA Company, or invest in an existing PDMN or PMA Company. Alternatively, foreign investors are permitted to open a representative office in Indonesia. Pursuant to Presidential Decree No. 39 of 2014 (the "**Negative List of Investment**") which came into effect on April 24, 2014, the electricity industry is among a list of industries and business fields in which foreign investment in Indonesia is prohibited, restricted or permitted but subject to the fulfillment of certain conditions as stipulated by the applicable government authorities. The Negative List of Investment is implemented by the Indonesian Investment Coordinating Board. As of the Latest Practicable Date, we had not invested in any PMA Company nor opened any representative office in Indonesia as we were not required to have any form of presence in order to perform our obligations under the existing IBO contracts.

**Environmental Matters**

Indonesia has environmental and health and safety laws and regulations which impose requirements on operators of sites as to the conduct of business and activities on those sites, which may impact the environment and the health and safety of workers and others present at the site or impacted by the activities at the site, including the requirement to obtain environmental license.

Environmental protection in Indonesia is governed by various laws, regulations and decrees, including Law No. 32 of 2009 on Environmental Protection and Management ("**Law 32/2009**") and Government Regulation No. 27 of 2012 on Environmental Licenses ("**GR 27/2012**"). Law 32/2009 stipulates that all businesses and/or activities that are required to obtain an Environmental Impact Analysis (*Analisis Mengenai Dampak Lingkungan* or "**AMDAL**") or an Environment Management Effort and Environment Monitoring Effort (*Upaya Pengelolaan Lingkungan Hidup dan Upaya Pemantauan Lingkungan Hidup* or "**UKL & UPL**") must also obtain an environmental license from the Minister of Environment, governor, or mayor/regent (depending on which authority supervises their activities).

The authorities will grant an environmental license based on either (i) an environmental feasibility decision approving AMDAL issued by the AMDAL Assessment Commission (*Komisi Penilai AMDAL*), based on the recommendation of the Minister of Environment, governor, mayor or regent (as applicable); or (ii) a recommendation of UKL and UPL issued by the appropriate governmental institution responsible for environmental management and control of the relevant area.

GR 27/2012 provides that the entity undertaking the activity initiates the AMDAL.

GR 27/2012 also stipulates that any environmental documents such as AMDAL and UKL and UPL, that was approved prior to February 23, 2012 is valid and is deemed to be an Environmental License.

In addition to the environmental license, Law 32/2009 also requires parties to obtain permits relating to environmental protection and management such as permits for all waste disposal, storage and handling activities. A party may only conduct waste disposal in specified locations determined by the State Minister of Environment.

Other regulations, including Government Regulation No. 101 of 2014 on the Management of Hazardous and Toxic Waste Materials and Government Regulation No. 74 of 2001 on the Management of Hazardous or Toxic Materials relating to the management of certain materials and waste must also be observed. Flammable, poisonous or infectious wastes are subject to these regulations unless the company can prove scientifically that it falls outside the categories set forth in such regulation. These regulations require a company that uses such materials or produces waste to obtain a licence from the State Minister of Environment or other environmental governmental institutions in order to store, collect, utilize, process and/or stockpile such waste. If a company violates the regulations relating to such waste, this licence may be revoked and the company may be required to cease operations.

We currently do not undertake any activities in Indonesia that is subject to any environmental, health and safety regulations. The primary obligation to comply with such environmental and health and safety regulations is on the operator of the site, which is PLN and any of our personnel entering or being present at such sites would be required to abide by the operators' environmental and health and safety instructions.

Indonesia also imposes quality and safety standards on the equipment imported into Indonesia. The equipment will be subject to applicable technical, quality and health and safety requirements for importing, marketing and having available the equipment in Indonesia. The equipment is imported by the intermediate off-takers who are also responsible for inland transportation of the equipment to the relevant sites designated by PLN and who are responsible to ensure the equipment adheres to the standards.

## OVERVIEW OF BANGLADESH REGULATIONS

In relation to our IBO business with DPG station in Bangladesh, the following material Bangladesh laws and regulations are relevant to us or the off-taker.

### Electricity Industry

The Energy Regulatory Commission Act, 2003 (the "**2003 Act**") established the Bangladesh Energy Regulatory Commission (the "**BERC**"), which was set up to create an atmosphere conducive to private investment in the generation of electricity, and transmission, transportation and marketing of gas resources and petroleum products, to ensure transparency in the management, operation and tariff determination in these sectors. The BERC was set up also to protect consumers' interest, promote the creation of a competitive market and has the authority to determine off-grid tariff in Bangladesh.

Under the 2003 Act, the functions of the Energy Regulatory Commission include, among others, issue, cancel, amend and determine conditions of licences, to encourage a congenial atmosphere to promote competition amongst the licensees, extend cooperation and advise to the Bangladesh government if necessary regarding electricity generation, transmission, marketing, supply, distribution and storage of energy, ensure appropriate remedy for consumer disputes.

Under the 2003 Act, no person shall engage in the business of power generation, energy transmission, energy distribution and marketing, energy supply and energy storage without licence from the BERC.

**Expropriation Risk and Asset Recovery**

The Bangladesh government may, by legislative enactments or through executive actions, impose expropriation conditions on undertakings. If this results in discrimination or is detrimental to the interests of a foreign investor, the foreign investor may file applications for judicial review before the High Court Division of the Supreme Court of Bangladesh to challenge such enactments/actions.

In the Foreign Private Investment (Promotion and Protection) Act, 1980, the Bangladesh government has undertaken:

(i) to accord fair and equitable treatment to foreign private investment;

(ii) not to unilaterally change the terms and conditions of any license, permission and sanctions issued in favor of foreign private investor to its detriment;

(iii) indemnify the foreign private investors in certain specified situations;

(iv) not to expropriate or nationalize foreign investment or take any measures having effect of expropriation or nationalization of foreign investment otherwise than for public purpose and subject to providing adequate compensations promptly; and

(v) to allow repatriation of foreign investment.

In the event that the Bangladesh government by legislative enactments or through executive actions, impose any conditions which results in discrimination, or impose sanctions on foreign investors in violation of the provisions of the Foreign Private Investment (Promotion and Protection) Act, 1980, the foreign investor would have a legal basis for initiating constitutional petition in the form of judicial review before the High Court Division of the Supreme Court of Bangladesh challenging such legislative enactments and/or administrative actions.

Bangladesh is a signatory to Multilateral Investment Guarantee Agency ("**MIGA**"). This allows investors of other member countries to get insurance under the program against losses relating to (i) currency inconvertibility and transfer restriction, (ii) expropriation, (iii) war, terrorism and civil disturbance, (iv) breach of contract and (v) non-honoring of financial obligations.

Pursuant to the agreement we entered into with the intermediate off-taker, the latter will use its best endeavors to assist us to obtain the necessary permissions to send our equipment out of Bangladesh.

**Requirements for Foreign Investors to Carry On Business**

Except for "reserved sectors," which is not applicable to our business and operation, there is no limitation on equity participation by foreign investors. It is permissible for foreign nationals or entities to acquire 100% shareholdings of a company incorporated in Bangladesh. However, under the Bangladesh law for a private limited company, there must be at least two shareholders and for a public limited company, there must be at least seven shareholders.

Profits and/or dividend payable to a foreign investor may be transferred in full through banking channel, subject to payment of taxes at source.

It is possible for an entity like us, incorporated outside Bangladesh, to carry on the business of sales or rental services without having presence in Bangladesh. Since an importer must have presence in Bangladesh, in our case, the importer on record is the contracting Bangladesh entity.

As of the Latest Practicable Date, we were not legally required to have any form of presence (including incorporating a Bangladesh company) in order to perform our obligations under the existing IBO contract.

**Environmental Matters**

The Environment Conservation Act, 1995 ("**the Bangladesh ECA**") was enacted to deal with, among others, conservation of the environment, improvement of environmental standards, control and mitigation of environmental pollution. The Bangladesh ECA also establishes the Department of Environment ("**the Department**"). The Department is conferred with extensive powers to prevent environmental pollution.

In addition to the Bangladesh ECA, other major laws governing the legal framework of environment related issues in Bangladesh include, among others, the Environment Conservation Rules, 1997 ("**the Bangladesh ECR**"), the Environment Court Act 2000 etc. The environment laws aim to limit adverse impacts on the environment, control environmental degradation and pollution, control environmental hazards and exploitation, encourage the proper use of natural resources, and protect biological diversity.

Under the Bangladesh ECA, industrial undertaking and projects are required to obtain permission/ environmental clearance certificate from the Department prior to its set up. For the purpose of issuance of environmental clearance certificate, the industrial units and projects shall, in consideration of their site and impact on the environment are classified into four categories being (i) green (ii) orange-A (iii) orange-B and (iv) red.

An applicant is required to apply for environmental clearance certificate along with the documents and information set out in the Bangladesh ECR. The information/documents required for issuance of environmental clearance certificate would depend on which category the applicant is classified under the Bangladesh ECR (i.e. red, orange, green etc). The Department reviews the information and documents and issues environmental clearance certificate on such terms and conditions as it deems fit and proper. The environmental clearance certificate is issued for a specific period, which is required to be renewed periodically.

The Environment Court Act, 2000 established environment courts for the trial of offences relating to environmental pollution and matters incidental thereto.

As a power generation company, our intermediate off-taker in Bangladesh would require environmental clearance certificate from the Department to carry out its activities in Bangladesh.

**OVERVIEW OF MYANMAR REGULATIONS**

In relation to our IBO business with DPG stations in Myanmar, the following material Myanmar laws and regulations are relevant to us or the off-taker.

**Electricity Industry**

In October 2014, Myanmar passed its Electricity Law. Under section 41 of the Electricity Law, it is the Ministry of Electric Power ("**MOEP**") that sets, with the approval of the cabinet of the Union Government,

retail tariffs for the national grid power. Regional or central Myanmar governments determine, through coordination with MOEP under section 42 of the Electricity Law, wholesale and retail tariffs for off-grid power. The Electricity Law does not provide what authority shall determine the wholesale tariff for the national grid, though it is likely that this will be done by MOEP. The power of tariff determination is vested with MOEP and regional or state governments under sections 41 and 42 of the Electricity Law. Section 5(c) provides that the yet to be formed Electricity Regulatory Commission may only give advice to MOEP and the region and state governments and leading bodies with respect to electricity rates and may not set the rates. Off-grid-tariffs may be negotiated with MOEP.[1]

Electricity production is subject to restrictions where the Myanmar law and the notifications that are issued from time to time under the Myanmar Foreign Investment Law 2012 (the "**FIL**") that specifically prohibit or restrict foreign investment in such production activities. Pursuant to our contract with EPGE, EPGE is the party that generates electricity using equipment supplied and maintained by us under lease or hire terms. As such, we believe that we are not considered to be engaged in electricity production business in Myanmar.

In addition, currently, EPGE, the ultimate off-taker of our DPG stations in Myanmar, is responsible for the import and export of the gas engines under the IBO contracts.

**Expropriation Risk and Asset Recovery**

A provision in the FIL explicitly guarantees that an economic enterprise formed under the FIL shall not be nationalized during term of contract or during any extended term. The FIL also includes a provision which expressly provides that upon the expiry of the term of the contract, the government guarantees an investor remittance of his or her investment and profits in the foreign currency in which such investment was made. The FIL also recognizes the right of a foreign investor to transfer foreign currency abroad.

Despite the guarantees against expropriation in the FIL, the Myanmar government is entitled to expropriate land if it is found to contain historical heritage, mineral sources or for reasons of national security.

Since the installment of a quasi-civilian government in 2011 and the passage of the FIL in 2012, there have been no reported cases of expropriation of foreign investments in the country.

Myanmar is also a signatory to MIGA.

Retention of title is a recognized legal concept in Myanmar. An investor who owns equipment such as power generators and leases it to a government entity such as EPGE is fully entitled to repatriate the assets at the end of the lease term or otherwise in accordance with the contract.

**Requirements for Foreign Investors to Carry On Business**

No foreign company can "carry on business" in Myanmar unless it has formed a company or branch office and obtained a "permit to trade" ("**PTT**") and a certificate of incorporation (or certificate of registration in the case of a branch). There is no statutory or judicial interpretation of the expression "carrying on business." The hire or lease of gas engines to EPGE and the provision of services under the IBO contract does not constitute "carrying on business" in Myanmar under the law and practice as it is today.

[1] Under the new Government of Myanmar, it has been decided to reorganize the Ministry of Electric Power (MOEP) and the Ministry of Energy by way of a merger into a new combined Ministry named "Ministry of Electricity and Energy" (see the new website **www.moep.gov.mm**). The change has not been formally made through necessary regulation to be published in the Official Gazette, and it is not certain when this might happen.

Foreign investment (i.e. investment of capital in a business, project or asset in Myanmar by non-resident persons or companies) will either be made:

(i) after the issue by the Myanmar Investment Commission ("**MIC**") of an investment permit under the FIL ("**MIC Permit**") for a proposed project in the sectors and areas of business which are specified under the FIL (or under Rules and Notifications issued under the FIL), or

(ii) where a MIC permit is not required or in relation to areas of business which are not prohibited, restricted or subject to conditions set out in the FIL, after the issue by Myanmar Directorate of Investment and Company Administration of a PTT and a certificate of incorporation as described above.

As of the Latest Practicable Date, we were not legally required to obtain any licences, permits, certificates etc. in connection with our execution, delivery and performance of our IBO contract with EPGE and to own, use, lease or operate our assets in Myanmar.

**Environmental Matters**

The Myanmar Environmental Conservation Law ("**ECL**") was enacted in 2012 after more than a decade of discussions. The intention of the ECL was to implement the Myanmar National Environmental Policy of 1994, focusing on the conservation of natural and cultural heritage for the benefit of present and future generations, the preservation of the ecosystem, the management and implementation of the reduction and loss of natural resources, the spread of environmental awareness amongst the public, and to ensure coordination and cooperation between governmental departments, agencies, and international organizations on environmental matters.

The ECL defines the environment as, "the physical factors in the human environment, including land, water, atmosphere, climate, sound, odor, taste, the biological factors of various animals and plants and historical, cultural, social and aesthetic factors".

The Environmental Conservation Committee was formed in accordance with the ECL. The Committee's aims are to implement environmental conservation policies, to establish rules and guidance in order to regulate pollution, and to carry out educational activities. Potentially harmful activities for the environment have to be monitored and the ECL sets out various sanctions and penalties that may apply in case of any violation of the prescribed rules.

In 2014 the Ministry of Environmental Conservation and Forestry ("**MOECAF**") issued the Environmental Conservation Rules ("**ECR**"). The ECR define "environmental impact assessment" and "initial environmental examination"; specify functions of government organizations on environmental conservation; provide details on the environmental conservation fund, environmental emergency state etc. In 2015 MOECAF released the Environmental Impact Assessment Procedure ("**EIA Procedure**") outlining how an EIA must be undertaken.

Environmental protection-related provisions are furthermore contained in more than 50 other disparate legislation. This is, for instance, the case with the Directives for Coastal Beach Areas, applying to the construction and management of hotel beach resorts, which contain rules relating to the preservation and conservation of the local environment. Other sector-specific environmental protection-related provisions may be found in specific legislations with regards to agriculture, health, oil and gas, mining and hotels and tourism, amongst others. Each of these additional legislative instruments may contain separate licensing/approval requirements for a project.

**Requirement for a Myanmar EIA Compliance Certificate**

In general, if an investor carries on any activity that is likely to harm or affect the environment, such as a factory or construction permitted by the government, it must seek prior permission from the MOECAF. The MOECAF may require the investor to prepare an Initial Environmental Examination ("**IEE**"), and later an Environmental Impact Assessment ("**EIA**") report depending on IEE report. Under section 31 of EIA Procedure, MOECAF can approve an EIA report and issue an Environmental Compliance Certificate or require that the project undergoes further EIA and cite the reasons for this decision. The IEE or IEE and EIA must be prepared before submitting an application to the Myanmar Investment Commission ("**MIC**") for an MIC Permit under the Myanmar Citizen's Investment Law of 2013 or the Foreign Investment Law of 2012.

In case an EIA or IEE is required; it must be submitted to the MIC as a component of the permit application. An environmental assessment management plan must also be provided with IEE and EIA submissions. MECF provides a list of 122 project types that automatically trigger the requirement for an IEE or EIA, and this can be found in the draft EIA Procedure annex.

The reach of Myanmar's environmental laws and any requirement to obtain an EIA Compliance Certificate, extend to the in-country registered entity carrying out the project. The entity that is registered in Myanmar and holding the licenses for the project is the entity that is captured by Myanmar's environmental laws. The requirement to obtain an EIA Compliance Certificate is applicable to our intermediate off-takers but not us.

**OVERVIEW OF GHANA REGULATIONS**

In relation to our future IBO business in Ghana, the following material Ghana laws and regulations will be relevant to us or the off-taker.

**Electricity Industry**

The Energy Commission Act, 1997 (Act 541) established the Energy Commission as the technical regulator of Ghana's electricity and renewable energy industry. The main object of the Energy Commission is to regulate and manage the utilization of energy resources in Ghana and to co-ordinate policies in relation to the electricity and renewable energy industry. The Energy Commission is responsible for granting licences for the transmission, wholesale supply, distribution and sale of electricity and natural gas in Ghana, setting technical standards for their performance, initiating sector planning and policy and advising the Minister for Power with respect to the electricity and renewable energy industry. The Public Utilities Regulatory Commission is responsible for the determination of off-grid tariff in Ghana.

The Energy Commission Act provides that no person shall engage in any business or any commercial activity for the transmission, wholesale supply, distribution or sale of electricity or natural gas unless he is authorized to do so by a licence granted under the Energy Commission Act.

To qualify for a grant of the licence, section 11 of the Energy Commission Act requires that a person must be a citizen of Ghana, a body corporate registered under the Companies Act, 1963 (Act 179) or a partnership registered under the Incorporated Private Partnerships Act, 1962 (Act 152).

**Expropriation Risk and Asset Recovery**

The Ghana Investment Promotion Centre Act, 2013 (Act 865) (the "**GIPC Act**") regulates investment in all sectors of the economy. The GIPC Act protects investors against expropriation and nationalization,

subject only to stringent conditions provided under the 1992 Constitution of Ghana (the "**Constitution**") and other relevant laws.

Under the Constitution, expropriation is only permitted where the acquisition is in the national interest or for a public purpose and the acquisition is done under a law which makes provision for the payment of fair and adequate compensation. The compensation is subject to judicial review in terms of its adequacy and must be paid without undue delay. Furthermore, where applicable, authorization must be granted for the repatriation of the compensation in convertible currency.

**Requirements for Foreign Investors to Carry On Business**

The requirements for foreign participation in business in Ghana differ from sector to sector. However, foreign participation is permitted in most industries, with the exception of certain reserved activities including small scale mining, provision of services in a market and trading of finished pharmaceutical products, etc.

Where there is a requirement to incorporate a company or register an external company, the entity must obtain a certificate of incorporation or registration, a certificate to commence business, a business operating licence and if it has foreign participation, a certificate of registration from the Ghana Investment Promotion Centre.

Foreign participation is allowed in the Power Sector; however, pursuant to section 11 of the Energy Commission Act 1997 (Act 541) ("**Energy Commission Act**"), a license must be obtained from the Energy Commission to permit participation in any business or commercial activity relating to transmission, wholesale supply, distribution or sale of electricity. The Energy Commission may only grant a license to (a) a citizen of Ghana, or (b) a body corporate registered under the Companies Act, 1963 (Act 179) or under any other law of Ghana, or (c) a partnership registered under the Incorporated Private Partnerships Act, 1962 (Act 152). Furthermore, in accordance with the GIPC Act, a foreign investor is required to make certain foreign capital contributions to an enterprise in which it participates prior to commencing business. With respect to a joint venture with a Ghanaian, the Ghanaian partner must hold at least 10% of the equity and the foreign partner must contribute at least USD 200,000 in cash or capital goods. With respect to a wholly foreign owned entity, the foreign owner must contribute at least USD 500,000 in cash or capital goods to the enterprise. With respect to a trading company, the foreign partner/owner must contribute a minimum of USD 1,000,000 in cash or capital goods to the enterprise and must employ at least 20 skilled Ghanaians. These minimum capital requirements do not apply to portfolio investments or to an enterprise set up solely for export trading and manufacturing.

**Environmental Matters**

The Environmental Protection Agency Act, 1994 (Act 490) (the "**Ghana EPA Act**") primarily deals with the establishment and management of the Environmental Protection Agency ("**Ghana EPA**") and the enforcement and control of environmental policies. Ghana EPA's function in relation to the power sector is to ensure that energy is produced, supplied and used in an environmentally sustainable manner.

The Ghana EPA is empowered by the provisions of the Ghana EPA Act to require any undertaking whose activities are likely to have an adverse effect on the environment to submit an environmental impact assessment.

Where the Ghana EPA issues an environmental impact assessment notice in accordance with the provisions of the Ghana EPA Act, it is required to inform the organ or the department of government that has responsibility for the issue of the relevant licence, permit, approval or consent, that the notice has been issued, and that organ or department shall not grant the licence, permit, approval or consent without the prior written approval of the Ghana EPA upon compliance with the notice.

The Environmental Assessment Regulations, 1999 (L.I. 1652) (the "**EA Regulations**"), are divided into three main parts, namely: Part one primarily deals with circumstances in which an undertaking would require an Ghana EPA permit and the procedure for applying for the permit; part two has provisions relating to the requirements for preliminary environmental reports and environmental impact statements; and part three consists of miscellaneous provisions including provisions on the submission of annual environmental reports, suspension, cancellation or revocation of permits and certificates, complaints and offences and penalties. Schedules 1 and 2 attached to the EA Regulations set out various undertakings which are required to obtain environmental permits and obtain environmental impact assessments respectively; schedules 3 and 4 set out a form of the notice for the Environmental Impact Assessment (EIA) Scoping Notice and the environmental impact assessment respectively; and Schedule 5 sets out environmentally sensitive areas.

**Requirement for an Ghana EPA Permit**

According to the Ghana EPA Act and EA Regulations, an undertaking which has or is likely to have an impact on the environment or public health is required to register with the Ghana EPA and obtain an Ghana EPA permit.

Certain undertakings are also required to submit an environmental impact assessment prior to being issued with an Ghana EPA permit. The list of such undertakings which require environmental impact assessment include construction of steam generated power stations and construction of combined cycle power stations etc.

Other important requirements include obtaining an environmental certificate, submitting annual reports and submitting environmental management plans.

We are not currently undertaking any activity in Ghana and therefore do not require an Ghana EPA Permit. However, when we commence commissioning and testing activities under our relevant IBO contract in Ghana, those activities will have to be covered by an Ghana EPA permit which will be obtained by the intermediate off-taker pursuant to the relevant IBO contract. The Company will be subject to the terms and conditions of the Ghana EPA permit and the laws of Ghana insofar as they relate to the protection of health and safety, life and the environment from hazardous or toxic substances, wastes, pollutants or contaminants.

## OVERVIEW

Our Company was incorporated in the Cayman Islands on February 22, 2016 as an exempted company with limited liability under the Cayman Company Law. Our Group currently conducts business and operations in various jurisdictions through our subsidiaries incorporated in the BVI, Hong Kong, Singapore and the PRC.

## OUR FOUNDERS

One of our co-founders, Mr. Lam, operated a business in 1997 to trade gen-sets and integrate gen-set paralleling panels which link and control multiple gen-sets mainly for industry-grade DPG stations in China by leveraging on his experience in the design, execution and integration of gen-sets and paralleling panels gained while he worked in Cummins Engine H.K. Ltd., where he was recognized as an "Expert in Panels" in 1995.

This established the foundation for our current business. In 2001, Mr. Lam and Mr. Lee co-founded VPower Technology Limited with their personal savings to conduct PGS business by producing, maintaining, overhauling, marketing and distributing gen-sets and their ancillary equipment for customers in China. For details of our founders' background, please refer to the section headed "Directors and Senior Management" of this prospectus.

## DEVELOPMENT OF OUR GROUP

### *1997 to 2006 — SI in China*

During the first ten years of our business (taking into account those number of years under the operation of Mr. Lam prior to our establishment), we focused on selling diesel-fired gen-sets, integrating paralleling panels and designing, engineering, installing, maintaining and overhauling PGSs in China, laying the foundation of our SI business.

We provided these services to customers who purchased our gen-sets, as well as customers who have purchased gen-sets from other manufacturers and suppliers. In 2003, we established a maintenance, overhaul and after-sales service support center in Shenzhen and a PRC subsidiary, VPower (Shenzhen), to develop and oversee our business in China. We grew our marketing activities across China to cover a wide variety of sectors, including industry-grade DPG stations, governmental, residential and commercial buildings, data centers, hotels, construction works, mining operations, railway projects and telecommunications projects.

In 2004, we began to assemble gen-sets in our Shenzhen factory and designed, engineered and manufactured PGSs that could be stored in power houses, enclosed in soundproof canopies or housed in ISO-standardized containers. In 2005, Komatsu became our engine supplier.

### *2006 to Present — Global SI and IBO in Southeast Asia and Africa*

In the second ten years of our history, we expanded our SI business globally and commenced our IBO business in Southeast Asia and Africa, establishing our position in both business segments.

In 2006, leveraging on our experience with a wide range of technologies and customers and taking advantage of the electrification policies and demand in the emerging markets, our management team decided to expand to new markets outside China with our SI business. We conducted market research and established a sales network to cover Asia, the Middle East, Africa and South America.

In 2007, we incorporated VGH to commence the development of our IBO business.

In 2008, MTU became our supplier. In 2011, we formed a strategic relationship with MTU to cooperate on the design of a prototype gas-fired ISO-containerized PGSs for the worldwide gas-fired DPG station market, and we also entered into a joint stock arrangement with MTU for product standardization and aftersales support. Pursuant to the joint stock arrangement, we ordered 10 units of MTU Series 4000 high-speed engines and MTU would build and stock up 10 further units to ensure sufficient stocks would be ready and available for our then upcoming projects. This facilitated the set up of our project team for gas-fired power stations projects worldwide.

In late 2012, we commissioned our first DPG station, a fast-track utility-grade gas-fired DPG station with an installed capacity of 14.0MW in Teluk Lembu, Indonesia. In 2014, we commissioned another DPG station in the same location, with an installed capacity of 65.8MW under a five-year contract. The aggregate installed capacity of the two projects was further expanded to 93.9MW in 2014.

In 2013, we continued to procure MTU Series 2000 high-speed engines and parts from MTU and started to order MTU Series 4000 high-speed engines through cooperative arrangement with CRRC.

In 2014, we commissioned our first 58.8MW utility-grade DPG station in Bangladesh. In addition, we further strengthened our strategic relationship with MTU and Bergen, through various additional agreements and memoranda with them in 2014. Under our agreement with MTU, the parties agreed to co-develop the natural-gas-fired and biogas-fired gen-set market in certain countries in Asia. Under the memorandum of understanding we entered into with Bergen, we agree to work with Bergen exclusively to develop gas-fired DPG stations for PLN in Indonesia using Bergen medium-speed engines.

In 2015, we commissioned our first 49.9MW fast-track utility-grade gas-fired DPG station in Myanmar and secured two additional DPG projects with an aggregate planned installed capacity of 249.6MW in 2016. We also expanded our global footprint to Ghana where we secured a five-year 56.2MW contract.

Currently, our business covers over 20 countries. We were Asia's largest and the world's fifth largest gen-set system integration provider with power output of 800kW and above in terms of revenue in 2015. As of the Latest Practicable Date, we had eight DPG stations in commercial operation, which had an aggregate installed capacity of 507.1MW, and one DPG station under construction to deliver power by December 2016, which has a planned installed capacity of 56.2MW. We were also the largest private gas-fired engine-based DPG station owner and operator in 2015 and one of the largest private gas-fired DPG station owner and operator in Southeast Asia in 2015, both in terms of secured installed capacity, according to Frost & Sullivan.

## OUR MILESTONES

Set out below are the key milestones in our Group's developments:

| Year | Milestone Event |
|---|---|
| 2001 | • Mr. Lam and Mr. Lee co-founded VPower Technology Limited to conduct PGS business for producing, maintaining, overhauling, marketing and distributing gen-sets and their ancillary equipment for customers in China. |
| 2002 | • We commenced operation and entered into our service contracts covering industrial customers with industry-grade DPG stations with capacity above 30MW in China. |
| 2005 | • VPower (Shenzhen) obtained ISO9001:2000 certification. |
| | • Komatsu became an engine supplier of our Group. |

| Year | Milestone Event |
|---|---|
| | • We supplied a total of 50 sets of 1.2MW gen-sets and PGS components for supplying electricity to passenger wagons to CSR Corporation Limited for their Qinghai-Tibet Plateau Railway which is the world's highest railway with its highest point at 5,072 meters in altitude. |
| 2007 | • VGH was incorporated in Hong Kong to commence the development of our IBO business. |
| 2008 | • MTU became an engine supplier of our Group. |
| | • We were awarded a 'High Tech Certificate' by the Shenzhen Technology and Information Bureau (深圳市科技和信息局). |
| 2009 | • VPower (Shenzhen) obtained ISO14001:2004 certification and was awarded the CE Certificate. |
| | • We secured and completed multiple projects in Hong Kong, Macau and the PRC for a wide range of customers such as the Hong Kong Housing Authority and the International Commerce Centre. |
| 2010 | • We became a key business partner of Komatsu in the area of power rental and quick power station business applications in the global market. |
| | • We secured our first sales order from F.K. to supply gen-sets and PGS components using MTU engines for a 140MW fast-track utility-grade diesel-fired DPG station in Manaus, Amazonas, Brazil. The PGSs sold to Brazil by us had accumulated a total installed capacity exceeding 600MW in 2014. |
| | • MTU awarded 'The Million Euro Award' to us. |
| 2011 | • Our soundproof canopy PGS was approved by the Hong Kong Environmental Protection Department as a QPME. |
| | • MTU formed a strategic relationship with our Group to cooperate on the design of a prototype gas-fired ISO-containerized PGS for the global gas-fired DPG stations market, and we also entered into a joint stock arrangement with MTU to enhance the competitiveness of our Group in the growing emerging markets. |
| 2012 | • We were awarded the "Top Global Power Solution Provider" by Komatsu. |
| | • We and MTU completed the prototype test for the gas-fired ISO-containerized PGS in MTU's factory in Augsburg, Germany. |
| | • We commissioned our first 14.0MW fast-track utility-grade gas-fired DPG station in Teluk Lembu, Indonesia, expanding our network in Indonesia. |
| 2014 | • We commissioned our then largest fast-track utility-grade gas-fired DPG station project with an installed capacity of 65.8MW. This was the first time our Group used Bergen medium-speed gas-fired engines for our DPG station. The installed capacity of our DPG stations was further expanded to 93.9MW in Teluk Lembu, Indonesia. |
| | • We commissioned our first fast-track utility-grade diesel-fired DPG station project in Bangladesh with an installed capacity of 58.8MW. |

| Year | Milestone Event |
|---|---|
| | • We entered into a memorandum of understanding of strategic alliance cooperation agreement for global power projects business with MTU and a memorandum of understanding with Bergen where our Group will work exclusively with Bergen for PLN's projects in Indonesia suitable for Bergen medium-speed engines. |
| | • We entered into a long term parts and service support agreement with MTU. |
| 2015 | • We entered into a five-year strategic alliance agreement with MTU for the co-development of natural-gas- and biogas-fired PGS market in Asia. |
| | • We entered into a co-development agreement with CRRC and CNTIC in relation to the co-development of DPG stations in countries covered by the Belt and Road Initiative and CRRC became an investor of our Group. |
| | • We successfully developed a new design of 20-foot ISO-containerized PGS (1.56MW per unit), which would provide cost savings compared to our previous 40-foot design. |
| | • We commissioned our first fast-track utility-grade gas-fired DPG station project in Kyauk Phyu, Myanmar with an installed capacity of 49.9MW. |
| | • Our total installed capacity for projects in Indonesia aggregated to 150.1MW. |
| | • We received three awards at the Asian Power Awards 2015, namely (1) 'Gas Power Project of the Year'; and (2) 'Fast-Track Power Plant of the Year' for EPGE's 230kV Substation project in Kyauk Phyu; and (3) 'Power Utility of the Year — Indonesia' for PLN's Diesel to Gas Plant Upgrade in Pekanbaru, Indonesia. |
| | • Millennium Fortune became an investor of our Group. |
| | • We expanded our global footprint to Ghana where we secured a project with a planned installed capacity of 56.2MW. We further secured two additional projects in Myanmar with planned installed capacities of 49.9MW and 149.8MW. |
| 2016 | • Our total installed capacity for projects in Myanmar aggregated to 249.6MW. |
| | • We entered into a regional service support agreement with MTU to expand our original long term service agreement to Asia, Africa and Middle East. |

## CORPORATE STRUCTURE

Set out below is a description of our major subsidiaries:

### VPower Technology Limited

VPower Technology Limited was incorporated in Hong Kong on June 1, 2001. At the time of its incorporation, it was held by Mr. Lam as to 24%, Mr. Lee as to 20%, and five other individuals who are independent third parties with an aggregate paid up capital of HK$400,000. As part of our Group's internal restructuring exercise, 80% of the share capital of VPower Technology Limited originally held by Mr. Lam and the five individuals was transferred to VPower (China) through a series of share transfers on February 26, 2002 and January 2, 2009. As of January 2, 2009, VPower (China) was held by Mr. Lam as to 80% and Ms. Chan as to 20%. Mr. Lee transferred the remaining 20% interest in the company to VPower (China) on January 31, 2013 in exchange for Mr. Lam transferring 10% equity interest in Crest Pacific to Mr. Lee in 2013. VPower (China) then became the sole shareholder of VPower Technology Limited. We conduct our SI business for sales to the global customers of our Group through VPower Technology Limited.

**VPower Holdings Limited**

VPower Holdings Limited was incorporated in Hong Kong on April 17, 2002. At the time of its incorporation, it was held by Mr. Lam as to 80% and an independent third party as to 20% with an aggregate paid up capital of HK$200,000. On July 6, 2005, the paid up capital was increased to HK$1,000,000 and shares were allotted to each shareholder on a pro rata basis. All the shares held by Mr. Lam and the independent third party were transferred to VPower (China) which became the sole shareholder of VPower Holdings Limited on January 2, 2009. We conduct our procurement and trading of gen-sets and components through VPower Holdings Limited.

**VPower (Shenzhen)**

VPower (Shenzhen) was incorporated in the PRC on November 27, 2003. It is wholly held by VPower (China) with a registered capital of HK$12,500,000. VPower (Shenzhen) provides design, engineering, manufacturing, maintenance, overhauls and after-sales services support to our gen-sets and PGS components.

**VGH**

VGH was incorporated in Hong Kong on June 11, 2007. At the time of its incorporation, Mr. Lam was the sole shareholder, and it had a paid up capital of HK$10,000. Mr. Lam later transferred all the shares to Radiant Horizon Limited, which was then wholly owned by Mr. Lam, on July 11, 2012. Radiant Horizon Limited was subsequently transferred to Crest Pacific by Mr. Lam. VGH is primarily engaged in the IBO business of our Group globally.

**VPower Group Holdings (Singapore) and VPower (Singapore)**

VPower Group Holdings (Singapore) and VPower (Singapore) were both incorporated in Singapore on September 23, 2014. At the time of their incorporation, VPower Group Holdings (Singapore) was solely held by VPower Group Holdings (Asia) Limited whilst VPower (Singapore) was solely held by VPower Group Holdings (Singapore). They are primarily engaged in conducting the IBO business of our Group in Myanmar.

**VPower Operation and Services Limited**

VPower Operation and Services Limited was incorporated in Hong Kong on May 10, 2013 with an issued capital of HK$1. It is wholly held by Paragon Vision Limited following the transfer of 1 share in the company by Mr. Lam on November 18, 2015 at nominal value. VPower Operation and Services Limited is primarily engaged in the provision of management services for our Group.

**Crest Pacific**

Crest Pacific was incorporated in the BVI on January 2, 2013. At the time of its incorporation, it was held by Mr. Lam as to 80% and Ms. Chan as to 20%, with an aggregate paid up capital of US$500. As part of the corporate restructuring of our Group, through further issuance of shares in 2013 at par value, Crest Pacific became owned by Mr. Lam as to 60% (including the shares held on trust for the Mr. Au-Yeung, Mr. Lo, Mr. Castiel and Mr. Y C Chan by Mr. Lam as detailed in the section headed "— Management and Consultant Shareholders" below), Ms. Chan as to 20%, Mr. Lee as to 10% and Ms. Tang as to 10%, prior to the introduction of CRRC and Millennium Fortune as investors as well as the Reorganization. The 10%

interest held by Mr. Lee reflects his original interest in VPower Technology Limited as a co-founder (as described in the paragraph "Corporate Structure — VPower Technology Limited" above) which was transferred to VPower (China) on January 31, 2013. The 10% interest held by Ms. Tang was transferred from Mr. Lam for an aggregate consideration of HK$80,000,000, which was determined based on arm's length negotiations between Mr. Lam and Ms. Tang with reference to the earnings potential and growth prospects of our Group at the time of the transfer, and was paid by Ms. Tang to Mr. Lam on January 24, 2013. On March 28, 2013, Mr. Lam and Ms. Chan transferred their entire interests in VPower (China) to Crest Pacific. Crest Pacific acts as the intermediate holding company of our Group.

**MANAGEMENT AND CONSULTANT SHAREHOLDERS**

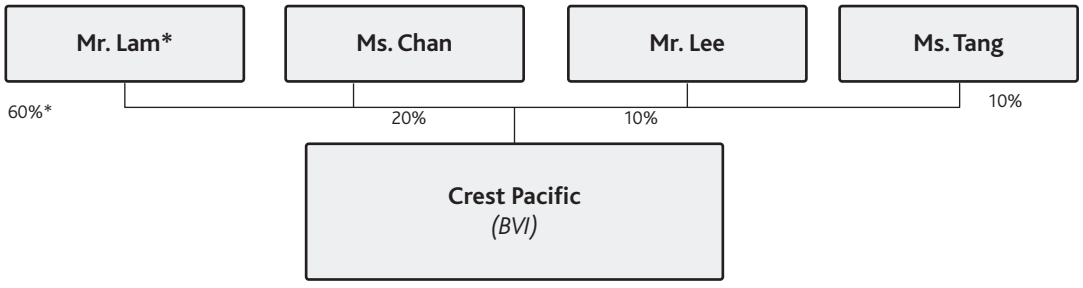
The development of our Group's business back in 2012 and 2013 was the result of the cooperation among Mr. Lam, Mr. Au-Yeung, Mr. Lo, our consultant Mr. Castiel and Mr. Y C Chan. Based on the cooperation arrangements then agreed between Mr. Lam and each of the abovementioned individuals, in recognition of their technical and commercial expertise and time contributed towards developing our Group's business, Mr. Lam agreed to transfer 1.20%, 0.84%, 0.48% and 0.24%, respectively, of the beneficial interest in the holding company (which would be subsequently incorporated) of our Group at par value to each of Mr. Au-Yeung, Mr. Lo, Mr. Castiel and Mr. Y C Chan, in 2012 and 2013. Such shares were held by Mr. Lam on trust for each of the individuals. Subsequent to the incorporation of Crest Pacific (being the then holding company of our Group's business) in January 2013 to hold our Group's operating companies, Mr. Lam made a declaration of trust in favor of each of Mr. Lo, Mr. Castiel and Mr. Y C Chan in July 2013 and Mr. Au-Yeung in September 2013 to confirm and reflect the aforementioned trust arrangement. The share-based payment expense in respect of the transfer of shares in Crest Pacific by Mr. Lam to Mr. Lo, Mr. Castiel and Mr. Y C Chan was recognized in the combined statement of profit or loss during the year ended December 31, 2012.

In light of the later introduction of CRRC and Millennium Fortune as investors, the shareholdings of Mr. Au-Yeung, Mr. Lo, Mr. Castiel and Mr. Y C Chan in Crest Pacific were diluted to approximately 1.11%, 0.78%, 0.45% and 0.22%, respectively, as of the Latest Practicable Date. The aforementioned trust arrangement ceased when Mr. Lam transferred the shares held on trust for the various individuals on April 1, 2016. See section headed "— Reorganization — Transfer of Shares to Management and Consultant Shareholders and Subscription of Shares by Employees" of this prospectus.

**INTRODUCTION OF INVESTORS**

To provide funding to the business expansion of our Group, Crest Pacific introduced CRRC and Millennium Fortune as investors of our Group in 2015.

The chart below sets out the shareholding of Crest Pacific prior to such investments.




* including the shares held on trust for Mr. Au-Yeung, Mr. Lo, Mr. Castiel and Mr. Y C Chan

**CRRC**

CRRC is a Hong Kong incorporated company and a wholly owned subsidiary of CRRC Corporation Limited, a PRC railway rolling stock manufacturer listed on the Hong Kong Stock Exchange (Stock Code: 1766.HK).

On April 22, 2015, CRRC entered into a share subscription agreement (which was subsequently supplemented on May 27, 2015 and June 26, 2015) with Mr. Lam, Ms. Chan, Mr. Lee, Ms. Tang and Crest Pacific, pursuant to which CRRC agreed to subscribe and Crest Pacific agreed to issue 413,412 new shares in Crest Pacific, representing 3.97% of the then enlarged share capital of Crest Pacific. The aggregate consideration was HK$155,174,000, which was determined based on arm's length negotiations among the parties with reference to the earnings potential and growth prospects of our Group at the time of the investments and paid in on April 24, 2015.

The consideration of the share subscription agreement was irrevocably settled by and shares were issued to CRRC on May 29, 2015. The proceeds were used as working capital of our Group.

CRRC is one of our key suppliers and project co-developer. The introduction of CRRC to our Group as an investor further streamlined the strategic cooperation between CRRC and our Group as well as enhancing the commercial support we have been receiving from CRRC.

Pursuant to the Reorganization and immediately upon the completion of the Global Offering (and before the exercise of the Over-allotment Option), CRRC will hold 76,808,322 Shares in our Company, representing 3.00% of the enlarged issued share capital of our Company (without taking into account any Shares which may be issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme). Based on such parameters and the investment costs of CRRC, this represents a cost of HK$2.02 per Share and a 35.46% discount from HK$3.13, being the mid-point of the proposed Offer Price range stated in this prospectus.

**Millennium Fortune**

Millennium Fortune is a limited liability company incorporated in the BVI wholly owned by Nature Elements Asia Renewable Energy and Cleantech Fund L.P. (an environmental investment fund). The general partner of Nature Elements Asia Renewable Energy and Cleantech Fund L.P. is solely owned by Dr. CHAN Ka Keung, our non-executive Director.

On October 26, 2015, Millennium Fortune entered into a share subscription agreement with Mr. Lam, Ms. Chan, Mr. Lee, Ms. Tang, CRRC and Crest Pacific, pursuant to which Millennium Fortune agreed to subscribe and Crest Pacific agreed to issue 344,359 new shares in Crest Pacific, representing 3.20% of the then enlarged share capital of Crest Pacific. The aggregate consideration was US$20,000,000, which was determined based on arm's length negotiations among the parties with reference to the consideration paid by CRRC and the earnings potential and growth prospects of our Group at the time of the investments and was paid in on December 10, 2015. In contemplation of the Reorganization, the parties entered into a supplemental agreement to the share subscription agreement on December 4, 2015 to reflect the changes in the structure of our Group as a result of our Reorganization.

The consideration of the share subscription was irrevocably settled by and shares were issued to Millennium Fortune on December 10, 2015. The proceeds were used as working capital of our Group.

The introduction of Millennium Fortune to our Group as an investor would potentially allow our Group to benefit from the utility network of Millennium Fortune in the emerging markets as well as their experience in the power sector.

Pursuant to the Reorganization and immediately upon the completion of the Global Offering (and before the exercise of the Over-allotment Option), Millennium Fortune will hold 63,978,881 Shares in our Company, representing 2.50% of the enlarged issued share capital of our Company (without taking into account any Share which may be issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme). Based on such parameters and the investment costs of Millennium Fortune, this represents a cost of HK$2.43 per Share and a 22.36% discount from HK$3.13, being the mid-point of the proposed Offer Price range stated in this prospectus.

On October 26, 2015, Millennium Fortune, Mr. Lam, Ms. Chan, Mr. Lee, Ms. Tang, CRRC and Crest Pacific entered into a shareholders' agreement governing their rights and obligations in Crest Pacific. This shareholders' agreement superseded the one entered into among Mr. Lam, Ms. Chan, Mr. Lee, Ms. Tang and CRRC on April 22, 2015 which included compensable terms. In contemplation of the Reorganization, the parties further entered into a supplemental agreement on December 4, 2015. The shareholders' agreement (as supplemented) (the "**Shareholders Agreement**") contains the following special terms:

- **Profit Guarantee**: if the net profit for the year 2014 is below HK$120,000,000 (the "**Minimum Profit**") , Mr. Lam, Ms. Chan, Mr. Lee, Ms. Tang will transfer certain number of shares in Crest Pacific calculated based on the difference between the net profit for the year 2014 and the Minimum Profit, at nil consideration, to CRRC according to their respective percentage shareholdings. The profit guarantee was satisfied and confirmed by CRRC on April 21, 2016;

- **Exit Option**: If Crest Pacific fails to list by December 31, 2017, each of CRRC and Millennium Fortune has the right to request Mr. Lam to buy back all the shares it holds in Crest Pacific at the same price formula, calculated based on the consideration paid by CRRC and Millennium Fortune for their respective shares in Crest Pacific plus 7% yearly interest, or the net asset value attributable to such shares, whichever is higher;

- **Prior Consent for Transfer/Pledge of Shares**: Prior written consent from both CRRC and Millennium Fortune is required for, amongst others, any disposal, transfer, pledge, grant of options of shares to any third party;

- **Anti-Dilution**: If the valuation of Crest Pacific prior to an issue of securities is less than its valuation at the time CRRC and Millennium Fortune completed their respective acquisitions of shares in Crest Pacific, each of CRRC and Millennium Fortune has the right to subscribe for an amount of securities under the same conditions in order to maintain their shareholdings at a level no less than 90% of their respective shareholdings prior to the issue;

- **Information rights**: Crest Pacific is required to provide to CRRC and Millennium Fortune, and CRRC and Millennium Fortune have the right to call for a meeting with all the shareholders and Crest Pacific to discuss the audited accounts of the previous financial year, the business plan and budget for the next financial year and the unaudited monthly financial statement; Crest Pacific is required to provide to CRRC and Millennium Fortune all the shareholder circulars, notice, minutes of shareholder or board meetings;

- **Unanimous Consent**: Unanimous consent is required for winding-up of voluntarily liquidation of any group companies, change in financial year and accounting system, providing loan, pledge or financial assistance to any third party, conducting business or transactions outside the ordinary course of business of Crest Pacific.

The shareholders' agreement shall cease to have effect upon the completion of the Listing or when both CRRC and Millennium Fortune cease to be shareholders of Crest Pacific.

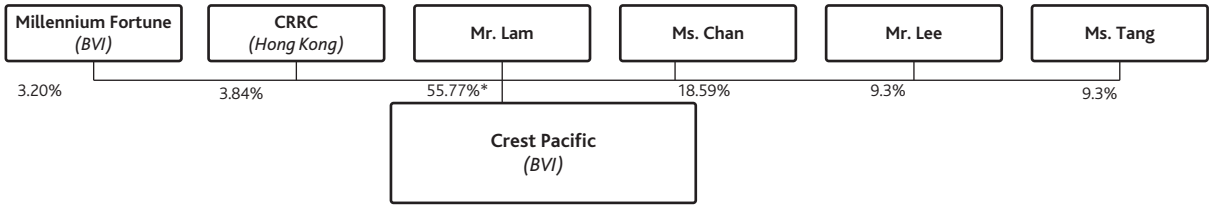
CRRC has executed a unilateral deed of waiver on May 23, 2016 whereby CRRC unconditionally and irrevocably waived its special rights under the Shareholders Agreement, including the exit option, unanimous consent, anti-dilution and information rights.

Set out below is a summary of the investments by CRRC and Millennium Fortune:

| | CRRC | Millennium Fortune |
|---|---|---|
| Date of share subscription agreement | April 22, 2015 | October 26, 2015 |
| Consideration | HK$155,174,000 | US$20,000,000 |
| Payment date of the consideration | May 29, 2015 | December 10, 2015 |
| Cost per share | HK$2.02 | HK$2.43 |
| Discount from HK$3.13, being the mid-point of the proposed Offer Price range stated in this prospectus | 35.46% | 22.36% |
| Use of proceeds | Fully utilized as working capital | Fully utilized as working capital |
| Strategic benefits | Streamlined the strategic cooperation between CRRC and our Group as well as enhancing the commercial support we have been receiving from CRRC | Potentially allow our Group to benefit from the utility network of Millennium Fortune in the emerging markets as well as their experience in the power sector |
| Shareholding upon Listing (without taking into account the Shares which may be issued or allotted upon any exercise of the Over-allotment Option and any options which have been or may be granted under the Pre-IPO Share Option Scheme or the Share Option Scheme) | 3.00% | 2.50% |

CRRC and Millennium Fortune have respectively undertaken to the Company, the Joint Sponsors and the Joint Global Coordinators (for itself and on behalf of the Underwriters) not to dispose of any of the Shares held by them for a period of six months commencing on the Listing Date.

The chart below sets out the shareholding of Crest Pacific following the subscriptions by CRRC and Millennium Fortune:




* including the shares held on trust for Mr. Au-Yeung, Mr. Lo, Mr. Castiel and Mr. Y C Chan

The Joint Sponsors have confirmed that the investments by CRRC and Millennium Fortune are in compliance with (i) Interim Guidance on Pre-IPO Investments issued by the Listing Committee of the Stock Exchange as the consideration for the investments were settled more than 28 clear days before the date of our first submission of the listing application form to the Listing Division of the Stock Exchange in relation to the Listing; and (ii) the Guidance Letter HKEX-GL43-12 as the special rights granted to CRRC or Millennium Fortune will terminate upon Listing.

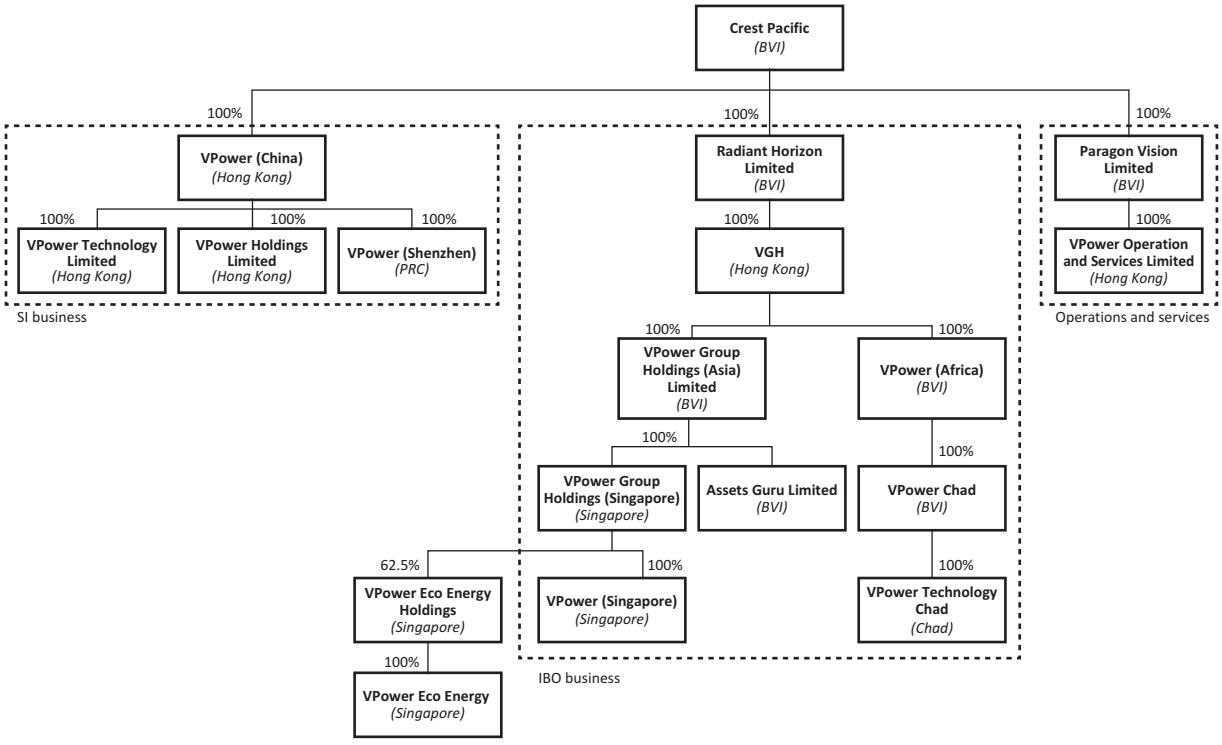
### Pre-IPO Share Option Scheme and Share Option Scheme

We have conditionally adopted the Pre-IPO Share Option Scheme and the Share Option Scheme, the principal terms of which are summarized in the sub-section headed "E. Pre-IPO Share Option Scheme" and "D. Share Option Scheme", respectively, in Appendix IV to this prospectus.

## REORGANIZATION

We have taken various steps to restructure our Group for the purpose of Listing, details of which are set out as follow:

The following chart sets forth the corporate and shareholding structure of our Group immediately prior to the Reorganization:




### Disposal of VPower Eco Energy Holdings and VPower Eco Energy to Mr. Lam

Immediately prior to the Reorganization, our Group held 62.5% of the shares in VPower Eco Energy Holdings and its remaining shares were held by Alternative Energy Corporation Pte. Limited which is a company incorporated in Singapore and an independent third party. VPower Eco Energy Holdings holds the entire share capital of VPower Eco Energy. Both VPower Eco Energy Holdings and VPower Eco Energy are dormant companies.

To streamline our Group's structure for the purposes of the Listing, on December 4, 2015, our Group disposed of such interest in VPower Eco Energy Holdings to Mr. Lam at a consideration of US$6,250. The disposal completed on December 7, 2015. As a result, VPower Eco Energy Holdings and VPower Eco Energy are no longer part of our Group.

**Disposal of operations in Chad**

On October 30, 2015, VGH entered into an agreement with VPower Chad to transfer all of our Group's fixed assets in relation to the operations in Chad, including gen-sets, transformers, containers, high voltage distribution system, fuel systems, accessories and parts, to VPower Chad for a consideration of HK$44 million which was determined based on the net book value of the relevant assets. Such amount was fully settled by June 2016.

On December 8, 2015, VPower (Africa) disposed of its interest in the entire share capital of VPower Chad to Sharkteeth Investments at a nominal value of US$1. The disposal was legally completed and settled on December 8, 2015 and as a result VPower Chad is no longer part of our Group. The Chad operations are carried on by VPower Technology Chad, a wholly owned subsidiary of VPower Chad, and do not form part of our Group's operations.

As disclosed in the Accountants' Report set forth in Appendix I to this prospectus, the related historical financial information of VPower Chad and VPower Technology Chad has been excluded from the financial statements throughout the Track Record Period as the Directors considered such operations in Chad to be geographically distinct and have been separately managed, and the financial information relating to such operations was identifiable. As such, the aforementioned transfer of assets by VGH to VPower Chad and the transfer of interests in VPower Chad by VPower (Africa) to Sharkteeth Investments did not result in any gain or loss in the financial statements of our Company. Please refer to the section headed "Financial Information — Basis of Presentation" for the description of bases and assumptions adopted in relation to VPower Chad in the preparation of the financial statements of the Company.

VPower Chad is engaged in the design, investment in, building, leasing and operation of DPG stations business in Chad. As of the Latest Practicable Date, it operates a DPG station in Chad with installed capacity of approximately 20MW (the "**Chad Project**"). VPower Chad was incorporated to operate the Chad Project, and it had recorded net profit prior to the disposal to Sharkteeth Investments. Based on the unaudited management consolidated accounts of VPower Chad, the revenue of VPower Chad for the years ended December 31, 2014 and December 31, 2015 were HK$10.9 million and HK$40.5 million, respectively, the gross profit of VPower Chad as of December 31, 2014 and December 31, 2015 were HK$6.7 million and HK$20.6 million, respectively, and the total assets of VPower Chad as of December 31, 2014 and December 31, 2015 were HK$27.5 million and HK$58.8 million, respectively.

During the Track Record Period, our Group recorded income from VPower Technology Chad for usage of property, plant and equipment relates to the provision of property, plant and equipment to VPower Technology Chad for use in Chad. Our Group also recorded income from contract assignment/novation in connection with the novation of the underlying operating agreement to VPower Technology Chad for the operation of the Chad Project. Please see "Financial Information — Related Party Transactions" of this prospectus for further details.

The spinning out of VPower Chad from our Group is a result of the strategic restructuring of the business of our Group as Chad is a new market which has yet to provide a proven track record of asset protection. The country is surrounded by countries that have been the subject of terrorist attacks or civil wars, such as Libya and Sudan and the business and political environment had deteriorated since VPower Chad entered the market. As such, the Directors do not consider it suitable to include VPower Chad in our Group in light of the Listing and not until the business and political environment of Chad has become more stable. Pursuant to the Deed of Non-competition, our Controlling Shareholders and Sharkteeth Investments

have granted us a right to acquire VPower Technology Chad upon Listing. We do not expect we will exercise the right to acquire VPower Technology Chad within two years following the Listing Date. Our Directors believe a period of two years would provide us with the opportunity to duly appraise the business and political environment of Chad and reassess the market according to our new market entry policy for the purposes of determining if it will be in the interests of our Company and the Shareholders to conduct business in the country. If we exercise such right to acquire VPower Technology Chad, it will provide our Group an opportunity to expand our footprint to Chad. See sections headed "Relationship with our Controlling Shareholders — Deed of Non-competition" and "Business — Internal Control and Risk Management — New Market Entry Policy" of this prospectus for further details.

After due enquiry with VPower Chad and to the best of the Company's knowledge, VPower Chad and its subsidiary, VPower Technology Chad, were not involved in any actual or threatened legal proceedings, claims, litigation or other material disputes or non compliance issue during Track Record Period and prior to its disposal.

Sharkteeth Investments is held as to 57.6% by Mr. Lam, 19.2% by Ms. Chan, 9.6% by Mr. Lee, 9.6% by Ms. Tang and 4.0% by CRRC.

**Transfer of Shares to Management and Consultant Shareholders and Subscription of Shares by Employees**

On December 31, 2015, our employees, namely, Mr. Cheung, Mr. K S Chan and Mr. Li subscribed for 3,000 shares, 2,000 shares and 2,000 shares in Crest Pacific, respectively, representing 0.03%, 0.02% and 0.02% of the then issued share capital of Crest Pacific and at a consideration of HK$1,395,000, HK$930,000 and HK$930,000, respectively. The consideration was determined based on arm's length negotiations among the parties with reference to the consideration paid by Millennium Fortune and the earnings potential and growth prospects of our Group at the time of the investments and paid in on December 31, 2015.

Further, as disclosed in the section headed "— Management and Consultant Shareholders" above, certain shares in Crest Pacific were held on trust by Mr. Lam for certain members of the management and consultant shareholders. On April 1, 2016, Mr. Lam transferred the legal title of 120,000, 84,000, 48,000 and 24,000 shares in Crest Pacific back to Mr. Au-Yeung, Mr. Lo, Mr. Castiel and Mr. Y C Chan, respectively.

On May 16, 2016, Mr. Lam, Ms. Chan, Mr. Lee and Ms. Tang transferred all their respective shares in Crest Pacific at nominal value to Energy Garden Limited. Energy Garden Limited is a wholly-owned subsidiary of Konwell Developments Limited which is indirectly held by Mr. Lam as to 58.87%, Ms. Chan as to 20.57%, Mr. Lee as to 10.28% and Ms. Tang as to 10.28% through their investment holding companies respectively.

**Establishment of our Company and Transfer of Shares in Crest Pacific to our Company**

Our Company was incorporated on February 22, 2016. At the time of its incorporation, one share of HK$0.1 was issued to Mr. Lam.

Pursuant to the written resolutions of our then sole Shareholder passed on September 1, 2016, our authorized share capital was increased from HK$380,000 divided into 3,800,000 Shares of HK$0.1 each to HK$500,000,000 divided into 5,000,000,000 Shares of HK$0.1 each.

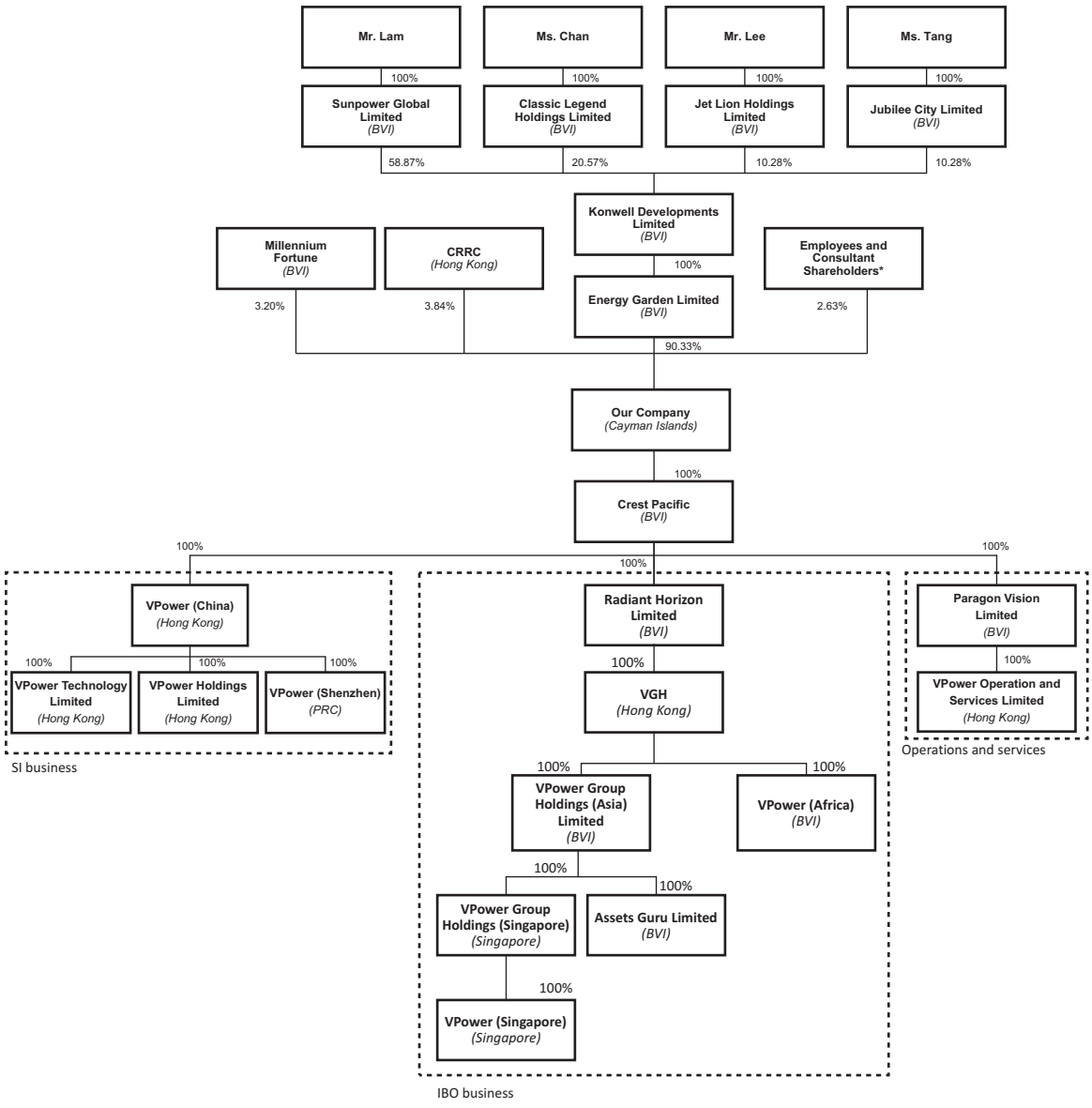
On September 1, 2016, Mr. Lam transferred one Share he held to Energy Garden Limited at nominal value. Such transfer was completed on the same day.

Also on September 1, 2016, the shareholders of Crest Pacific transferred all their shares in Crest Pacific to our Company in exchange for the same proportion of Shares in our Company. As a result, the number of Shares held by each Shareholder is as follow:

| Shareholder | Number of Shares | Shareholding percentage (%) |
|---|---|---|
| Energy Garden Limited | 1,806,633,881 | 90.33 |
| CRRC | 76,808,322 | 3.84 |
| Millennium Fortune | 63,978,881 | 3.20 |
| Management, Employees and Consultants Shareholders | | |
| • Mr. Au-Yeung | 22,294,947 | 1.11 |
| • Mr. Lo | 15,606,463 | 0.78 |
| • Mr. Castiel | 8,917,979 | 0.45 |
| • Mr. Y C Chan | 4,458,989 | 0.22 |
| • Mr. Cheung | 557,374 | 0.03 |
| • Mr. K S Chan | 371,582 | 0.02 |
| • Mr. Li | 371,582 | 0.02 |

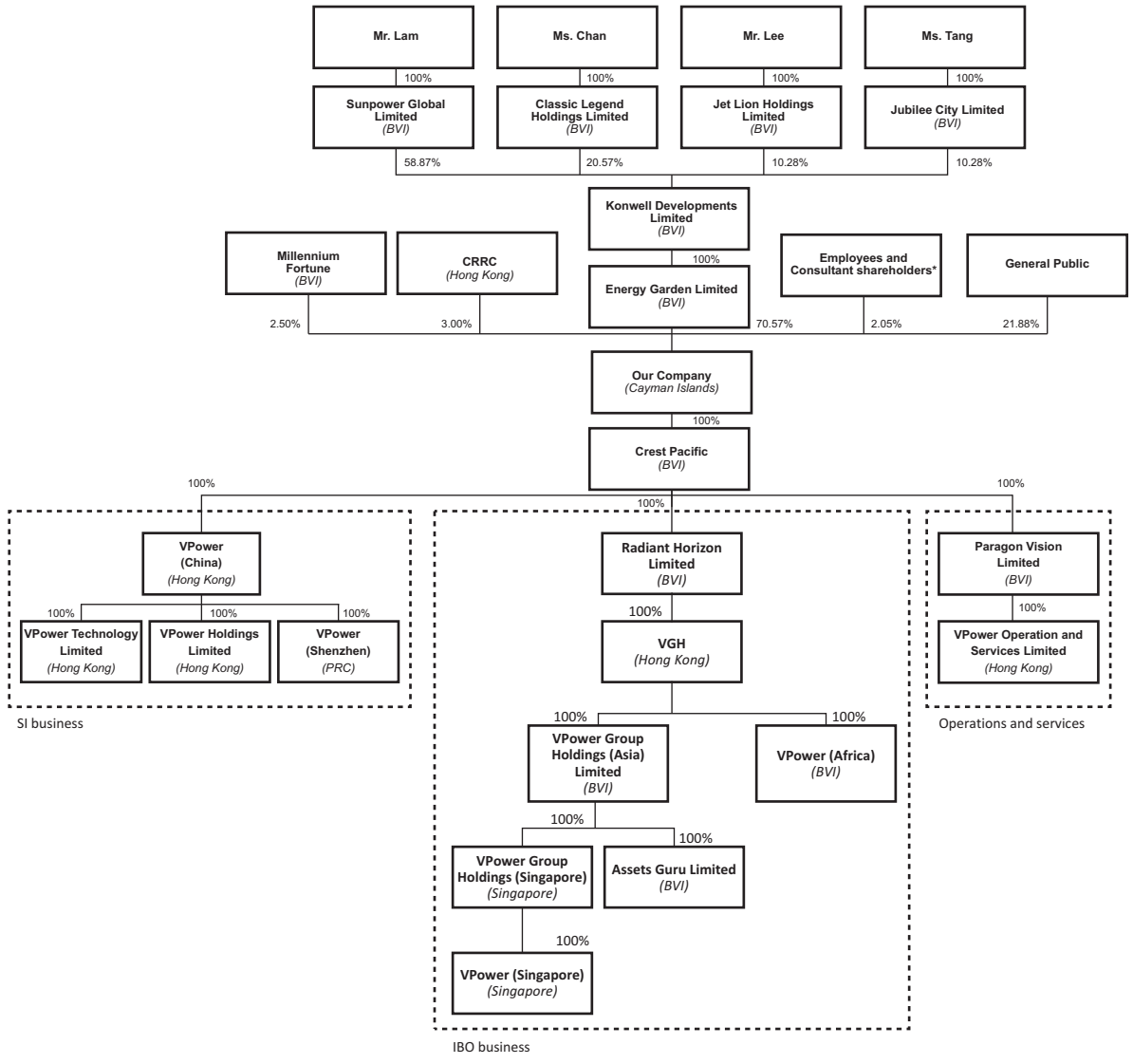
Each of Mr. Castiel, Mr. Y C Chan, Mr. Cheung, Mr. K S Chan and Mr. Li and CRRC is not a core connected person of our Company, and they are considered as members of the public pursuant to Rule 8.24 of the Listing Rules, and hence the Shares to be held by them shall be counted as part of the public float of our Company for the purpose of Rule 8.08 of the Listing Rules. Mr. Lam, Mr. Lee, Mr. Au-Yeung, Mr. Lo and Ms. Chan are Directors of our Company, Energy Garden Limited is our Controlling Shareholder and Millennium Fortune is an associate of Dr. Chan Ka Keung, our non-executive Director, and thus the Shares held by each of them shall not be counted as part of the public float of our Company for the purpose of Rule 8.08 of the Listing Rules.

The chart below sets out the shareholding structure of our Group immediately after the Reorganization and before the Global Offering.




* held as to 1.11% by Mr. Au-Yeung, 0.78% by Mr. Lo, 0.45% by Mr. Castiel, 0.22% by Mr. Y C Chan, 0.03% by Mr. Cheung, 0.02% by Mr. K S Chan and 0.02% by Mr. Li.

The following chart sets forth the corporate and shareholder structure of our Group immediately following the completion of the Global Offering (without taking into account of the Shares which may be issued upon the exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme):




* held as to 0.87% by Mr. Au-Yeung, 0.61% by Mr. Lo, 0.35% by Mr. Castiel, 0.18% by Mr. Y C Chan, 0.02% by Mr. Cheung, 0.01% by Mr. K S Chan and 0.01% by Mr. Li.

## OVERVIEW

We are one of the world's leading large gen-set system integration providers in terms of revenue in 2015 and Southeast Asia's largest private gas-fired engine-based DPG station owner and operator in terms of secured installed capacity as of December 31, 2015, according to Frost & Sullivan. We operate in the DPG market, a niche sub-segment of the power generation industry, which accounted for approximately 11.8% of total installed power generation capacity in Southeast Asia in 2015, according to Frost & Sullivan. For the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2016, our revenue was HK$575.8 million, HK$929.8 million, HK$1,212.8 million and HK$509.0 million, respectively, representing a CAGR of 45.1% between 2013 and 2015. Our profit for the three years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2016 was HK$9.7 million, HK$120.7 million, HK$141.2 million and HK$28.1 million, respectively, representing a CAGR of 281.5% between 2013 and 2015.

Under our SI business, we design, integrate and sell gas-fired and diesel-fired gen-sets and PGSs, which we integrate with ancillary equipment utilizing our proprietary system designs and integration capabilities. Gen-set and PGS system integration is a technical process that involves balancing a variety of customer needs, including those relating to power consumption, costs, fuel efficiency, portability, ease of installation, ability to be redeployed, noise control and temperature control. To address these needs, PGSs are carefully designed and integrated with ancillary equipment, including equipment for monitoring, cooling, ventilation and charging. The PGSs can be housed in power houses, enclosed in soundproof canopies or housed in ISO standard shipping containers. Our gen-sets and PGSs incorporate engines manufactured primarily by MTU, a globally recognized, leading engine manufacturer, and Komatsu, an engine manufacturing, construction and mining equipment company. We work together with CRRC, an important customer of MTU, to secure more favorable pricing for engines through cooperative procurement. We were the largest system integration provider of gen-sets and PGSs with power output of 800 kW and above in Asia in terms of revenue in 2015, according to Frost & Sullivan.

We sell our gen-sets and PGSs to customers who prefer owning PGSs. Our SI customers cover a variety of sectors, including industry-grade and utility-grade DPG stations, governmental, residential and commercial buildings, data centers, hotels, construction works, mining operations, railway projects and telecommunications projects. Our SI customers are primarily located in the PRC, Singapore, Hong Kong, the UAE, South Korea and the Philippines. Our SI business recorded HK$535.5 million, HK$785.5 million, HK$965.6 million and HK$376.9 million in revenue, representing 93.0%, 84.5%, 79.6% and 74.0% of our total revenue, in 2013, 2014 and 2015 and the first five months of 2016, respectively, selling gen-sets and PGSs with an aggregate capacity of 286.3MW, 345.6MW, 407.6MW and 158.3MW, respectively.

Under our IBO business, we design, invest in, build, lease and, in collaboration with off-takers, operate DPG stations for customers with semi-permanent electricity needs who prefer not to own PGSs, such as government utilities in emerging countries which require interim and imminent power prior to the development of large-scale power supplies and infrastructure. We were the largest private gas-fired DPG station owner and operator in Indonesia and Myanmar in terms of secured installed capacity as of December 31, 2015, according to Frost & Sullivan. Our DPG stations had an aggregate installed capacity of 507.1MW, as of the Latest Practicable Date, while according to Frost and Sullivan, Southeast Asia's overall installed power generation capacity was 203.0GW as of December 31, 2015, which includes 23.9GW of installed DPG capacity. As of the Latest Practicable Date, we had eight DPG stations in commercial operation in Indonesia, Myanmar and Bangladesh, which had an individual installed capacity ranging from 20.3MW to 149.8MW. This included seven environmentally friendly gas-fired DPG stations for continuous operation and one diesel-fired DPG station for peak-shaving. As of the Latest Practicable Date, we also had

one DPG stations under construction in Ghana, which has a planned installed capacity of 56.2MW. We expect the station to commence operations in December 2016. We have also entered into two memoranda of understanding and a letter of intent for the construction and operation of DPG stations in Nigeria and Indonesia. For more details, see "Financial Information — Recent Developments." We have installed PGSs and power substations in our DPG stations, which are modular in design, making them significantly more mobile and scalable than traditional CPG projects. As of December 31, 2015, the PGS fleet at our DPG stations in commercial operation had an average age of 1.3 years, making it the youngest comparing with our major competitors in the gas-fired fast track utility-grade DPG market in Southeast Asia, according to Frost & Sullivan. Our IBO business recorded HK$40.2 million, HK$144.3 million, HK$247.3 million and HK$132.1 million in revenue, representing 7.0%, 15.5%, 20.4% and 26.0% of our total revenue, in 2013, 2014 and 2015 and the first five months of 2016, respectively. We intend to continue to focus on our IBO business in emerging markets and expect their revenue contribution to increase. We endeavor to maintain a balance of approximately 20% of revenue and gross profit contribution from each market. For more details, please refer to "— Internal Control and Risk Management — New Market Entry Policy."

We work closely with project co-developers, such as CRRC, and EPC contractors and sub-contractors, such as CNTIC, to exchange market information. Leveraging our expertise and the local connections of project co-developers and EPC contractors and sub-contractors, we work to identify project opportunities, perform risk assessments, choose the appropriate technologies and negotiate and finalize project terms with off-takers. Project co-developers also assist us with managing and coordinating local subcontractors for our projects. We have very strong cooperative relationships with CRRC and CNTIC. CRRC and CNTIC's solid understanding of local market conditions increases our access to selected local subcontractors and allows us to quickly obtain reliable estimates of project timelines and costs before submitting a bid or responding to customer requests. In April 2015, we entered into a five-year power project co-development agreement with CRRC and CNTIC for the co-development and construction of gas-fired, diesel-fired and HFO-fired DPG stations in the countries covered by the PRC government's Belt and Road Initiative. The agreement covers Indonesia, Myanmar and Bangladesh, as well as other countries in Asia, Africa and Latin America. Furthermore, we have entered into a memorandum of understanding for strategic alliance cooperation with MTU, which allows us and our designated project partners to directly secure engines from MTU for our IBO projects upon relatively short notice, and a regional service support agreement, which facilitates swift delivery of spare parts for our IBO projects.

In Indonesia, Bangladesh and Ghana, we contract with intermediate off-takers who supply electricity to local utility companies, which are the ultimate off-takers of our DPG stations. In Myanmar, we contract directly with the state-owned utility company. We generally enter into two- to five-year agreements with our customers, which typically incorporate either a take-or-pay or capacity-based provision, providing us with a contractually committed revenue stream to grow our business. Our off-takers typically provide the land for the project site and have entered into obligations to supply fuel to our DPG stations for electricity generated in all of our IBO projects at the off-takers' expense. We believe we will be able to renew our operating agreements, as we operate in markets with severe power shortages, according to Frost & Sullivan.

## OUR COMPETITIVE STRENGTHS

We believe the following strengths contributed to our historical success and will contribute to our future prospects:

### One of the world's leading large gen-set system integration providers and Southeast Asia's largest private gas-fired engine-based DPG station owner and operator

We are one of the world's leading large gen-set system integration providers in terms of revenue in 2015, according to Frost & Sullivan. We began distributing engine-based gen-sets in China in 1997 and have developed our business capabilities and technical expertise to become a global gen-set system integration provider. Through our SI business, we were the largest system integration provider of gen-sets and PGSs with power output of 800kW and above in Asia and the fifth largest in the world in terms of revenue in 2015, according to Frost & Sullivan. Through our IBO business, we were the largest private gas-fired engine-based DPG station owner and operator in Southeast Asia and also the largest private gas-fired DPG station owner and operator in Myanmar and Indonesia, in terms of secured installed capacity as of December 31, 2015, according to Frost & Sullivan.

Since we began our SI business in 1997, we have developed our system integration expertise for gen-sets and expanded our expertise to also include system design, installation, testing, commissioning, management, operations and maintenance of PGSs. We have supplied PGSs to a diverse range of customers in various jurisdictions globally, including industry-grade and utility-grade DPG stations, governmental, residential and commercial buildings, data centers, hotels, construction works, mining operations, railway projects and telecommunications projects. Our SI customers are primarily located in the PRC, Singapore, Hong Kong, the UAE, South Korea and the Philippines.

Leveraging our extensive global experience and the wide range of capabilities we developed under our SI business, we began our IBO business in 2012. Under the IBO business model, in collaboration with off-takers we operate and lease fast-track utility-grade DPG stations in Indonesia, Myanmar, Bangladesh, Ghana and other emerging markets. We attribute our success in the bidding process for DPG projects to our proven track record of fast project completion, the high fuel efficiency of our DPG stations, our competitive pricing, our strong financing capabilities, our clear commercial and technical arrangements, and the safety of our operations. We leverage our strong and fast execution capabilities to respond rapidly to new opportunities and win new customer contracts, and utilize our local experience to operate and maintain our DPG stations globally with the use of subcontractors.

We have recently been recognized for our achievements at the 2015 Asian Power Awards by winning three distinctive awards for our fast-track utility-grade DPG projects in Indonesia and Myanmar; namely, (1) "Gas Power Project of the Year — Myanmar Electric Power Enterprise 230kV Substation"; (2) "Fast-Track Power Plant of the Year — Myanmar Electric Power Enterprise 230kV Substation"; and (3) "Power Utility of the Year — Indonesia PLN Diesel to Gas Plant Upgrade for Efficient Power Generation in Pekanbaru."

### Strong partnerships with MTU, Bergen, CRRC and CNTIC

We are a global strategic partner of MTU and Bergen. Since 2008, we have been purchasing engines from MTU for our SI business and have continued to purchase engines, parts and services directly from MTU. MTU is a globally recognized, leading high-speed engine manufacturer using cutting-edge technology to produce high-quality engines with over 100 years of experience in engine production. According to Frost

& Sullivan, MTU, combined with its affiliate, Bergen, ranks second among global manufacturers of engines for power generation by unit shipments in 2015 and we were the largest purchaser of MTU high-speed gas-fired engines in terms of sales in the power generation sector in 2015. According to Frost & Sullivan, MTU's core competitiveness lies in the high efficiency and compact dimensions of its engines, which make them easier to integrate into gen-sets. For more information on our relationship with MTU for our SI business, please refer to "— SI Business — Our Major Suppliers and Component Manufacturers".

We have also entered into a wide range of memoranda of understanding and strategic agreements with MTU and Bergen for both our SI and IBO business, which facilitate our co-marketing efforts and allow us to share information with each other on local market conditions and business opportunities. More importantly, these agreements also allow us to conduct transactions directly with MTU, without the constraints of MTU's distribution sales network, which include geographical distribution and policy constraints, imposed by MTU's distributors and agents. Without these constraints, we can purchase engines and parts and seek maintenance services directly from MTU without having to negotiate different terms with different distributors in different designated sales regions, thereby significantly reducing our time and costs and enhancing our business efficiency and flexibility. As a testament to our long-standing relationship in the SI business, in February 2015, we entered into a strategic alliance agreement with MTU to co-develop the natural gas and biogas markets by expanding the use of natural-gas- and biogas-fired gen-sets manufactured by MTU in a number of countries including China, Singapore, Indonesia, Myanmar and Bangladesh for a term of five years. Pursuant to the strategic agreement, we may purchase MTU natural-gas-, biogas- and diesel-fired engines directly from MTU for integration into gen-sets and PGSs sold into the specified regions, rather than through MTU's sales network of distributors and agents.

Under our IBO business, we have also partnered with MTU to co-develop DPG stations globally, and in particular in emerging markets, to meet the needs of the growing global DPG market, allowing us to secure production capacity for MTU gas-fired, diesel-fired and HFO-fired engines for our DPG stations directly upon relatively short notice. MTU also provides us with dedicated support from MTU's global network for its engines, spare parts and after-sale services for our DPG stations, covering Indonesia, Myanmar, Bangladesh, Africa and the Middle East. A fast-track utility-grade DPG station typically requires completion in as short as two to twelve months, according to Frost & Sullivan; however, from our experience, the typical lead time for a new engine order is usually four to eight months. Through this strategic relationship with MTU, our EPC contractor and sub-contractor can secure MTU engines for our DPG stations upon relatively short notice, ensuring our ability to compete in the fast-track utility-grade DPG market. In September 2014, we agreed to work with Bergen exclusively for Bergen medium-speed engine applications in Indonesia to develop gas-fired DPG stations for PLN. For more details on our memoranda and agreements with MTU and Bergen under our IBO business, please refer to "— Relationship with MTU and Bergen".

We have strong cooperative relationships with CRRC and CNTIC that support and enhance our global procurement, execution and financing capabilities, enabling us to compete effectively in our SI and IBO businesses. Our strong working relationship with CRRC is based on our technological and operational expertise and proven track record of cooperation of more than 10 years. Under our SI business, we choose to cooperatively procure a particular series of MTU engines with CRRC, an important customer of MTU, to secure more favorable pricing for engines and payment terms of up to 180 days. Under our IBO business, CRRC is typically our co-developer for our projects. CRRC has extensive local experience managing projects in emerging markets, in particular those covered by the Belt and Road Initiative. Leveraging this experience, CRRC assists us with managing and coordinating local subcontractors for our projects. CRRC also actively exchanges market information with us. With our expertise and CRRC's local connections, we work to identify project opportunities, perform risk assessments, choose the appropriate technologies and negotiate and finalize project terms with off-takers. Furthermore, CRRC allows us to make milestone payments for our

DPG stations, rather than requiring all payments to be made upfront. According to its website, CRRC Corporation Limited is the world's largest supplier of rail transit equipment with the most complete product lines and leading technologies, and its wholly-owned subsidiary, CRRC, became our shareholder in May 2015, owning 3.84% of our Company as of the Latest Practicable Date.

CNTIC is typically an EPC contractor or sub-contractor for our projects. We have worked extensively with CNTIC since 2010. CNTIC is a PRC state-owned enterprise, which specializes in providing overseas EPC services including constructing power projects in a number of emerging markets, including Indonesia, Myanmar, Bangladesh, Ghana and other countries covered by the Belt and Road Initiative. CRRC and CNTIC's understanding of local markets increases our access to local subcontractors and to quickly obtain reliable estimates of project timelines and costs before we submit any bids or respond to customer requests, which increase our competitiveness in winning and completing our IBO projects within the fast-track utility-grade DPG development timeframe. By working with CNTIC, we also gain strong local civil, electrical and mechanical work capabilities and valuable information on project opportunities, project execution and local regulations.

As part of our ongoing cooperation, in April 2015, we entered into a formal five-year power project co-development agreement with CRRC and CNTIC for the development and construction of power infrastructure projects in the countries covered by the Belt and Road Initiative, allowing us to execute our IBO projects on an expedited basis. According to Frost & Sullivan, most countries covered by the Belt and Road Initiative have urgent demand for electricity as the electrification rates of these countries are very low. In particular, these countries have a need for rapidly deployed power production capabilities. Our cooperation with CRRC and CNTIC on Belt and Road Initiative projects positions us to benefit from the growth in power infrastructure development in countries covered by the Belt and Road Initiative. As of the Latest Practicable Date, we had undertaken five projects under this co-development framework with an installed capacity of 362.2MW, being the Jambi project in Indonesia, the Kyauk Phyu I project, Kyauk Phyu II project, and Myingyan project in Myanmar and our Ghana project.

**Fixed-term contractual IBO revenue with promising growth prospects**

Our IBO business generates recurring revenue and promising growth prospects. During the Track Record Period, we have been able to successfully replicate our business model in emerging markets, with a focus on Indonesia, Myanmar, Bangladesh and Ghana, where current levels of power supply per capita are relatively low and power shortages are widespread. According to Frost & Sullivan, the aggregate DPG installed capacity in the countries and regions in which we operate and that we plan to target (including Indonesia, Bangladesh, Myanmar, China, Saudi Arabia and Africa) will increase from 129.1GW in 2015 to 290.6GW in 2020, representing a CAGR of 17.6%. We are already the largest private power provider in the gas-fired DPG market in both Indonesia and Myanmar in terms of secured installed capacity in 2015, according to Frost & Sullivan. Both countries are keen to improve electrification. In Indonesia, we have four projects in operation with a total of 198.7MW of installed capacity as of the Latest Practicable Date. In Myanmar, we have three projects with a total of 249.6MW of installed capacity as of the Latest Practicable Date.

We believe DPG stations offer off-takers significant advantages over CPG projects, which take years to plan, finance and construct. Compared to CPG projects, the approval and construction of DPG stations is fast, sometimes as short as a couple of months. DPG stations can be deployed close to load centers, reducing transmission loss. DPG stations can also be used for peak-shaving, a function that CPG plants are not typically used for. In addition, the land required for constructing a DPG station is small in size relative to CPG projects, which reduces land costs for the off-takers, making the IBO model attractive. Furthermore,

the DPG stations are designed and constructed with multiple units of modular PGSs, which allows the PGSs to be deployed with less civil work and at lower cost to the off-takers, compared to CPG projects.

In addition, the IBO business model provides us with fixed-term contractually committed revenues with high renewal rates. We generally enter into two- to five-year operating agreements for our IBO projects, which typically contain a take-or-pay or capacity-based provision, and in turn, provide us with a contractually committed revenue stream to grow our business. Furthermore, renewal rates for agreements in the fast-track utility-grade DPG industry are typically high, according to Frost & Sullivan. For our Teluk Lembu I project, we have successfully renewed our operating agreement three times from an initial term of four months to a cumulative term of 52 months. We believe that we will be able to renew our operating agreements, as our customers are located in markets with severe power shortages.

As of the Latest Practicable Date, we operated eight DPG stations, which had an aggregate installed capacity of 507.1MW, and have entered into agreements for, and are constructing, one additional DPG station, which has a planned installed capacity of 56.2MW. We expect the station to commence commercial operations by December 2016.

**Complementary and integrated business segments that share know-how**

Our SI and IBO businesses complement one another and fulfill different customer needs. We have accumulated significant technical and operational know-how from years of experience in the SI business, which can be leveraged to capture power project opportunities in our IBO business. By operating in both businesses, we provide ourselves with the flexibility to cater to both types of customers and to adapt to customers with evolving needs.

We also enjoy operational synergies between our SI and IBO businesses, through which we believe we can improve our economies of scale, reputation as a market leader, bargaining power and industry understanding. We are able to leverage the technical expertise and experience accumulated from our SI business in our IBO business. We have established a global sales network under our SI business, which provides us with important market insights on local power industries in emerging markets and helps us identify potential customers and off-takers for our IBO business. We believe that the technical expertise and market network developed under our SI business reduce the risks and increase the efficiency of our IBO business's expansion into new markets. Conversely, the timely market intelligence gathered by our growing IBO business also feeds into our SI business to provide us with a constant information feed that help us better manage our supply chain and tailor product design to better fit the latest market needs.

**Young, fuel efficient and technologically-advanced PGS fleet delivering highly competitive value**

As of December 31, 2015, the PGS fleet at our DPG stations in commercial operation had an average age of 1.3 years, making it the youngest comparing with our major competitors in the gas-fired fast-track utility-grade DPG market in Southeast Asia, according to Frost & Sullivan. We believe that our young, gas-fired engine-based PGS fleet enables us to better address the current needs of the fast-track utility-grade DPG market, which calls for lower cost, cleaner energy and faster delivery of reliable distributed power. According to MTU, the type of MTU gas-fired engines used in our PGS fleet generally have a working life expectancy of 25 years.

Our fast-track PGSs had some of the highest fuel efficiencies in the industry as of December 31, 2015, according to Frost & Sullivan, providing us with a distinct competitive edge that positions us to benefit from

the growing global demand for electricity. Our DPG stations are mostly powered by engines fueled by gas, which is considered the cleanest fossil fuel. Gas-fired PGSs have been increasingly used in DPG stations due to their low fuel cost, high fuel efficiency and low emissions, according to Frost & Sullivan. In addition, gas-fired engine-based DPG stations are generally more flexible, cost-effective and fuel efficient than turbine-based technologies for projects less than 200MW, which makes them more attractive for fast-track DPG stations, according to Frost & Sullivan. Accordingly, we have invested heavily in gas-fired gen-sets and PGSs using primarily engines manufactured by MTU, one of the world's leading engine suppliers, which promotes our long-term competiveness.

Our PGSs installed in DPG stations are fast-track, adaptable, cost-effective and technologically-advanced. Our PGSs can be deployed within just 90 days after the receipt of the LoA. Our PGSs are designed to be "plug-and-play" for easy transportation, storage, installation and decommissioning, as compared to CPG projects. Our DPG stations also require much smaller upfront investments compared to CPG projects.

**Highly experienced management and technical teams allowing fast execution of projects**

Our co-founders, executive chairman Mr. Lam and co-chief executive officer Mr. Lee, are industry veterans with over 20 years and 15 years of industry experience, respectively. They established our company as a distributor of gen-sets in China and grew it to become a global integrated SI and IBO business. Our co-chief executive officer Mr. Au-Yeung also has over 15 years of multi-national experience working in legal, business development and general management in a number of energy and environmental infrastructure development markets and emerging markets. The rest of our senior management team consists of experienced professionals with strong technical, legal and finance backgrounds, with each member having over 10 years of relevant experience. The key members of our technical team have worked closely with us for over 10 years and have developed extensive expertise in our industry. Our team's strong technical background is supported by our pool of legal, finance, project development and project execution talent, which allows the team to swiftly and thoroughly understand the key issues and efficiently execute each project. Their extensive and comprehensive sector knowledge also plays an important part in maintaining long-term relationships with key customers and suppliers, as well as securing new contracts.

## OUR BUSINESS STRATEGIES

We aspire to become the world's leading private gas-fired engine-based DPG station owner and operator and gen-set system integration provider, providing fast, reliable, cost effective, and environmentally sound distributed power and PGSs. To achieve this goal, we will adopt the following strategies:

**Build on our successful IBO business in existing markets**

We intend to grow our IBO business to take advantage of its higher margin and growth potential. We aim to first build on our success in existing markets and to expand our market share and project scope in those markets. We have built a sustainable and attractive business model, accumulated extensive experience and established significant relationships in each of our IBO markets. We believe our existing markets present significant growth opportunities. We aim to build up our power generation capacity in Myanmar (where the peak power demand is expected to grow from 2.7GW in 2015 to 5.5GW in 2020), in Indonesia (where the peak power demand is expected to grow from 49.9GW in 2015 to 94.7GW in 2020), and in Bangladesh (where the peak power demand is expected to grow from 10.3GW in 2015 to 17.9GW in 2020), according to Frost & Sullivan.

We also intend to participate in larger DPG projects with longer contract periods. We have historically focused on projects that are 25MW to 50MW in size, with a contract period between two to five years. We believe the proceeds from the Listing will allow us to pursue larger projects with contract periods of more than five years. We intend to build our larger projects with combined cycle medium-speed engines whenever appropriate, as these will have higher fuel efficiency compared to simple cycle engines.

We will establish local business development offices to develop closer partnerships with the ultimate off-takers of our DPG projects and other utility companies, both private and public, to enhance our tender monitoring and our ability to respond to any business opportunities. We intend to explore opportunities independently of the tendering process of the local governments. We will also explore opportunities to further collaborate with intermediate off-takers in our existing markets.

**Penetrate new geographic areas by leveraging our multi-country platform and replicable business model**

We intend to replicate our successful business model of identifying and collaborating with appropriate intermediate off-takers in new emerging markets in Africa, the Middle East and China to quickly build up our market position, as we have done in Southeast Asia.

In general, we will focus on countries with strong power demand growth and low electrification rates in Africa and the Middle East. We aim to leverage our experience in Southeast Asia with utility-grade projects that have government-owned utility companies as the ultimate off-takers to target similar projects in other regions. According to Frost & Sullivan, the DPG market size in Africa will increase to 12.0GW by 2020 from 8.8GW in 2015 and in Saudi Arabia will increase to 37.3GW by 2020 from 14.2GW in 2015. We aim to leverage our experience with our first project in Ghana to enter other African countries and are continuing to pursue potential partners in Africa, while maintaining a diversified portfolio of our DPG projects to avoid over-reliance on any particular market. Our internal performance target is to maintain a balance of approximately 20% of revenue and gross profit contribution from each market.

Due to our strong capabilities, market knowledge and industry relationships, we are also one of the few gas-fired DPG station owners and operators well-positioned to capture growing opportunities in the gas-fired DPG market in China. The gas-fired DPG market in China is expected to grow from 5.6GW in 2015 to 40GW in 2020, according to Frost & Sullivan, driven by continued support from the central and local governments, declining gas prices and developments in power generation technologies. We have over 19 years of experience in operating our SI business in China. We believe reliable and reputable engine-based power generation will be a major contributor to the growth of the gas-fired DPG market in China.

We also plan to leverage our strategic relationships with MTU, CRRC, CNTIC, upstream gas reserve owners and other local players to further develop our business in China and other countries covered by the Belt and Road Initiative. Our power project co-development agreement with CRRC and CNTIC will allow us to expand our DPG stations into more countries covered by the Belt and Road initiative.

**Expand into CHP and power generation using new forms of gas**

We intend to develop CHP gas-fired PGSs and DPG stations for data centers, industrial estates, hospitals, hotels and airports in China as well as overseas. CHP technology enables us to use residual heat generated from gas-fired PGSs to produce cooling with an absorption chiller and steam and hot water for heating. Selling these byproducts, in addition to the electricity we produce from our DPG stations, increases our revenue. We intend to build our larger projects with combined cycle medium-speed engines whenever appropriate, as they have higher fuel efficiency compared to simple cycle engines.

We also intend to expand into power generation using new forms of gas, including LNG and CNG, for both our SI and IBO businesses. Gas-fired PGSs have traditionally relied on pipeline gas, which limits the location of PGSs and DPG stations to locations with access to a gas pipeline. Nonetheless, other locations are also in need of quick and readily available PGSs and DPG stations. LNG and CNG allow for the transportation of gas through trucks, freight or other means to locations without access to a gas pipeline. Frost & Sullivan predicts that LNG and CNG will unlock further potential of gas-fired DPG by supporting the construction of DPG stations in regions that previously had difficulty accessing gas pipelines. We have begun developing technologies that enable our PGSs and DPG stations to use LNG and CNG. We intend to cooperate with a local government in Indonesia to develop a LNG-fired DPG station that generates up to 100MW. We believe our technological leadership and key strategic relationships with engine manufacturers may position us as a first-mover for LNG-fired and CNG-fired PGSs and DPG stations.

We also intend to actively bid for HFO-fired DPG projects in countries where there has been an increasing demand for HFO-fired DPG due to its cost advantage. For example, in Bangladesh, HFO-fired DPG installed capacity has increased from 0.9GW in 2011 to 1.4GW in 2015, representing a CAGR of 12.6%, according to Frost & Sullivan, and in May 2016, BPDB released a notice for bids for 10 HFO-fired DPG stations with an aggregate installed capacity of 1GW.

We intend to adopt environmentally friendly technologies for our PGSs, such as waste-derived fuel power generation technologies, including biogas, landfill gas and syn-gas. We are beginning to see environmental concerns driving demand for environmentally friendly power solutions in our SI business. We are developing applications for the biogas-fired gen-sets of MTU, ranging from 0.24MW to 2.1MW.

**Develop a new generation of gen-sets that are more fuel efficient**

We believe energy efficiency will continue to be a significant differentiator in the gas-fired DPG market. Our PGS fleet has one of the highest fuel efficiency rates among our competitors, according to Frost & Sullivan. Nonetheless, we believe that there is still ample room for further improvement in fuel efficiency. Leveraging our existing advantage in technology, we are actively working with MTU, key suppliers, research and development institutes, universities, and third party technology providers to develop more fuel efficient gen-sets.

In addition, we plan to continue to improve our industry-leading, proprietary system designs and integration expertise by enhancing our containerized gen-set design. For example, we are working with a number of domestic and international companies to develop residual heat recovery devices that increase the electricity generated by our PGSs and enhance fuel efficiency. We are also actively developing a more efficient water cooling system, which will further improve fuel efficiency. We also intend to enhance our assembly line for system integration.

**Acquire companies or establish joint ventures to enhance our technological leadership, expand into new markets and grow our business**

We plan to participate in acquisitions or joint ventures as part of the expansion of our IBO business, utilizing our global network established under our SI business, which will allow us to accelerate our expansion into new markets and grow our business in existing markets. We will also focus on targets which will assist our expansion into new key geographic markets, where we believe we can establish a meaningful market position within a reasonable period of time. We will initially focus on acquiring certain SI customers in both existing and new markets, who have extensive local market knowledge and would enhance our ability to identify and acquire DPG stations. We will also explore opportunities to participate in joint

ventures with local players in new markets to reduce our risks, build local relationships and gain market intelligence.

We will also explore opportunities to develop key technologies, such as small scale LNG-to-power and waste-derived fuel-to-power technologies, through acquisitions and joint ventures with engine manufacturers and suppliers and collaboration with universities and research institutes. As of the Latest Practicable Date, we had not identified any targets for acquisition or joint venture partners.

## OUR BUSINESS MODEL

We have two principal business segments: (1) our SI business and (2) our IBO business. Under our SI business, we design, integrate and sell engine-based gen-sets, ancillary equipment and PGSs for a variety of customers and provide after-sales services and parts. Under our IBO business, we design, invest in, build, lease and, in collaboration with off-takers, operate utility-grade DPG stations and derive revenue from generating electricity or making contract capacity available.

The table below sets forth a revenue breakdown for each of our business segments, both in actual terms and as a percentage of revenue, for the Track Record Period:

| | Year ended December 31, | | | | | | Five months ended May 31, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2013 | | 2014 | | 2015 | | 2015 | | 2016 | |
| | (HK$ in thousands) | (% of revenue) | (HK$ in thousands) | (% of revenue) | (HK$ in thousands) | (% of revenue) | (HK$ in thousands) | (% of revenue) | (HK$ in thousands) | (% of revenue) |
| SI | 535,543 | 93.0 | 785,454 | 84.5 | 965,587 | 79.6 | 202,643 | 68.7 | 376,890 | 74.0 |
| IBO | 40,234 | 7.0 | 144,327 | 15.5 | 247,256 | 20.4 | 92,229 | 31.3 | 132,121 | 26.0 |
| **Total** | **575,777** | **100.0** | **929,781** | **100.0** | **1,212,843** | **100.0** | **294,872** | **100.0** | **509,011** | **100.0** |

For our IBO business, all of our revenue is derived from projects that are secured through tenders, except for our projects in Pagla, Bangladesh and Ghana, where the operating agreements were negotiated through private discussions directly with the ultimate off-takers. For our SI business, we derived revenue from both tenders and direct contracts. The table below sets forth a revenue breakdown by tender and direct contract for our SI business, both in actual terms and as a percentage of revenue for the Track Record Period:

| | Year ended December 31, | | | | | | Five months ended May 31, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2013 | | 2014 | | 2015 | | 2015 | | 2016 | |
| | (HK$ in thousands) | (% of revenue) | (HK$ in thousands) | (% of revenue) | (HK$ in thousands) | (% of revenue) | (HK$ in thousands) | (% of revenue) | (HK$ in thousands) | (% of revenue) |
| Tender | 69,291 | 12.9 | 39,014 | 5.0 | 38,738 | 4.0 | 16,185 | 8.0 | 14,619 | 3.9 |
| Direct contract | 466,252 | 87.1 | 746,441 | 95.0 | 926,849 | 96.0 | 186,458 | 92.0 | 362,271 | 96.1 |
| **Total** | **535,543** | **100** | **785,455** | **100** | **965,587** | **100** | **202,643** | **100.0** | **376,890** | **100.0** |

The table below sets forth a breakdown of our gross profit, both in actual terms and as a percentage of gross profit, and our gross margins for each of our business segments for the Track Record Period:

| | Year ended December 31, | | | | | | | | | Five months ended May 31, | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2013 | | | 2014 | | | 2015 | | | 2015 | | | 2016 | | |
| | (HK$ in thousands) | (% of gross profit) | (gross margin %) | (HK$ in thousands) | (% of gross profit) | (gross margin %) | (HK$ in thousands) | (% of gross profit) | (gross margin %) | (HK$ in thousands) | (% of gross profit) | (gross margin %) | (HK$ in thousands) | (% of gross profit) | (gross margin %) |
| SI ..... | 63,770 | 69.3 | 11.9 | 148,870 | 59.9 | 19.0 | 201,760 | 58.7 | 20.9 | 47,076 | 44.2 | 23.2 | 77,433 | 49.8 | 20.5 |
| IBO .... | 28,204 | 30.7 | 70.1 | 99,573 | 40.1 | 69.0 | 142,228 | 41.3 | 57.5 | 59,502 | 55.8 | 64.5 | 78,190 | 50.2 | 59.2 |
| **Total** .. | **91,974** | **100.0** | **16.0** | **248,443** | **100.0** | **26.7** | **343,988** | **100.0** | **28.4** | **106,578** | **100.0** | **36.1** | **155,623** | **100.0** | **30.6** |

Our SI and IBO businesses complement one another. The SI business targets a diverse range of customers who prefer owning PGSs. The IBO business targets customers with semi-permanent electricity needs, who prefer not to own PGSs, such as government utilities in emerging countries which require interim and imminent power prior to the development of large scale power supplies and infrastructure. We specialize in delivering fast-track utility-grade DPG stations near load centers.

We have accumulated significant technical and operational know-how from our SI business, including system design, integration, installation, testing and commissioning and maintenance experience relating to gen-sets and PGSs, which can be leveraged to capture power project opportunities in our IBO business. We also enjoy operational synergies between our SI and IBO businesses, through which we believe we can improve our economies of scale, reputation as a market leader, bargaining power and industry understanding. We are able to leverage the technical expertise and experience accumulated from our SI business in our IBO business. We work closely with EPC contractors and sub-contractors to optimize the design and supervise the construction of our DPG stations. We have established a global sales network under our SI business, which provides us with important market insights on local power industries in emerging markets and helps us identify potential customers and off-takers for our IBO business. We believe that the expertise and network developed under our SI business decrease the risks and increase the efficiency of our IBO business's expansion into new markets. In addition, the timely market intelligence gathered by our IBO business allows our SI business to better manage its supply chain and to tailor product design to current market needs.

During each year of the Track Record Period, four of our five largest customers were customers of our SI business and one was a customer of our IBO business. In 2013, 2014 and 2015 and the five months ended May 31, 2016, sales to our five largest customers collectively accounted for approximately 57.6%, 67.1%, 65.7% and 74.6% of our total revenue during the same periods, respectively, and sales to our largest customer accounted for approximately 34.5%, 22.3%, 24.5% and 26.7% of our total revenue, respectively.

Our five largest customers during the Track Record Period included F.K., CNTIC and Komatsu, who were also among our five largest suppliers for one or more years during the Track Record Period. We purchased engines from F.K. and CNTIC on a one-off basis during the Track Record Period to satisfy our temporary engine needs, while we typically supplied gen-sets to F.K. and CNTIC. We purchased diesel-fired PGSs from Komatsu to satisfy our occasional need for diesel-fired PGSs while we typically supplied alternators and cooling radiators to Komatsu. In 2013, 2014 and 2015 and the five months ended May 31, 2016, (1) F.K. accounted for 1.2%, 13.3%, 0.3% and 0.0% of our total revenue, and 0.0%, 6.7%, 0.0% and 0.0% of our total purchases; (2) CNTIC accounted for 0.6%, 14.8%, 24.5% and 14.8% of our total revenue, and 2.6%, 0.0%, 0.0% and 0.0% of our total purchases; and (3) Komatsu accounted for 5.5%, 4.2%, 3.2% and 0.3% of our total revenue, and 1.6%, 6.0%, 1.0% and 0.0% of our total purchases. None of our top five customers of our SI business has ever defaulted on any payment to us.

The following table shows the top five customers of our SI business on a group basis during the Track Record Period.

| | Year Ended December 31, | | | | | | Five months ended May 31, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2013 | | 2014 | | 2015 | | 2015 | | 2016 | |
| | (HK$ in thousands) | (% of total SI revenue) | (HK$ in thousands) | (% of total SI revenue) | (HK$ in thousands) | (% of total SI revenue) | (HK$ in thousands) | (% of total SI revenue) | (HK$ in thousands) | (% of total SI revenue) |
| CNTIC | –[11] | –[11] | 137,244 | 17.5 | 297,586 | 30.8 | –[11] | –[11] | 75,491 | 20.0 |
| F.K. | –[11] | –[11] | 123,808 | 15.8 | –[11] | –[11] | –[11] | –[11] | –[11] | –[11] |
| Komatsu | 31,463 | 5.9 | –[11] | –[11] | 38,920 | 4.0 | 30,858 | 15.2 | –[11] | –[11] |
| Customer A[1] | –[11] | –[11] | 206,917 | 26.3 | 212,526 | 22.0 | 15,810 | 7.8 | 136,014 | 36.1 |
| Customer B[2] | 198,820 | 37.1 | 77,465 | 9.9 | 100,718 | 10.4 | 57,008 | 28.1 | 86,231 | 22.9 |
| Customer C[3] | –[11] | –[11] | –[11] | –[11] | 93,992 | 9.7 | 18,910 | 9.3 | –[11] | –[11] |
| Customer D[4] | 41,658 | 7.8 | –[11] | –[11] | –[11] | –[11] | –[11] | –[11] | –[11] | –[11] |
| Customer E[5] | –[11] | –[11] | 40,825 | 5.2 | –[11] | –[11] | –[11] | –[11] | –[11] | –[11] |
| Customer F[6] | 28,770 | 5.4 | –[11] | –[11] | –[11] | –[11] | –[11] | –[11] | –[11] | –[11] |
| Customer G[7] | 24,924[7] | 4.7 | –[11] | –[11] | –[11] | –[11] | –[11] | –[11] | –[11] | –[11] |
| Customer H[8] | –[11] | –[11] | –[11] | –[11] | –[11] | –[11] | –[11] | –[11] | 13,285 | 3.5 |
| Customer I[9] | –[11] | –[11] | –[11] | –[11] | –[11] | –[11] | –[11] | –[11] | 12,807 | 3.4 |
| Customer J[10] | –[11] | –[11] | –[11] | –[11] | –[11] | –[11] | 17,896 | 8.8 | –[11] | –[11] |
| Total: | 325,635 | 60.9 | 586,259 | 74.7 | 743,742 | 76.9 | 140,482 | 69.2 | 323,828 | 85.9 |

Notes:

(1) Customer A is a manufacturer and supplier of electrical supply equipment (including gen-sets, synchronizing panels, power meters and engine controllers) headquartered in Singapore, with which we had approximately 14 years of business relationship. According to publicly available information, its target customers are primarily based in Asia.

(2) Customer B is a manufacturer and supplier of engine related products (including bearings, valves, pumps and camshafts) headquartered in the PRC, with which we had approximately three years of business relationship. According to publicly available information, its target customers are primarily based in the PRC.

(3) Customer C is a wholesale distributor of industrial machinery and equipment (including engines) headquartered in Hong Kong, with which we had approximately a year of business relationship. According to publicly available information, its target customers are primarily based in Southeast Asia and the PRC.

(4) Customer D is a banking services provider headquartered in the PRC, with which we had approximately three years of business relationship.

(5) Customer E is a power solutions provider (including rental, sales installation and operations) headquartered in Saudi Arabia, which we had approximately two years of business relationship with. According to publicly available information, its target customers are primarily based in the Middle East.

(6) Customer F is a manufacturer and supplier of gen-set products (including generators) headquartered in South Korea, with which we had approximately three years of business relationship. According to publicly available information, its target customers are primarily based in South Korea.

(7) Customer G is a manufacturer and supplier of gen-set products (including generators, mobile generators and electrical controllers) headquartered in the PRC, with which we had approximately four years of business relationship. According to publicly available information, its target customers are primarily based in the PRC.

(8) Customer H is a shipbuilding company headquartered in the PRC, with which we had approximately less than a year of business relationship. According to publicly available information, its target customers are primarily based in the PRC.

(9) Customer I is a supplier of industrial machinery and equipment (including engines) headquartered in the PRC, with which we had approximately 10 years of business relationship. According to publicly available information, its target customers are primarily based in the PRC.

(10) Customer J is a power solutions provider headquartered in Saudi Arabia, with which we had approximately three years of business relationship. According to publicly available information, its target customers are primarily based in the Middle East.

(11) For this particular year, this customer was not a top five customer.

The following table shows the customers of our IBO business during the Track Record Period. For the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2016, we only had two, two, four and four IBO customers, respectively. These customers are our intermediate or ultimate off-takers for our IBO projects.

| | Year Ended December 31, | | | | | | Five months ended May 31, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2013 | | 2014 | | 2015 | | 2015 | | 2016 | |
| | (HK$ in thousands) | (% of total IBO revenue) | (HK$ in thousands) | (% of total IBO revenue) | (HK$ in thousands) | (% of total IBO revenue) | (HK$ in thousands) | (% of total IBO revenue) | (HK$ in thousands) | (% of total IBO revenue) |
| Customer K[2] | 30,901 | 76.8 | 78,371 | 54.3 | 79,231 | 32.0 | 38,512 | 41.8 | 29,615 | 22.4 |
| Customer L[3] | 9,333 | 23.2 | 65,956 | 45.7 | 92,171 | 37.3 | 38,475 | 41.7 | 38,100 | 28.8 |
| Customer M[4] | –[1] | –[1] | –[1] | –[1] | 45,564 | 18.4 | 14,582 | 15.8 | 43,700 | 33.1 |
| Customer N[5] | –[1] | –[1] | –[1] | –[1] | 30,290 | 12.3 | 660 | 0.7 | 20,706 | 15.7 |
| Total | 40,234 | 100.0 | 144,327 | 100.0 | 247,256 | 100.0 | 92,229 | 100.0 | 132,121 | 100.0 |

Notes:

(1) For this particular year, this customer was not a top five customer.

(2) Customer K is a conglomerate with businesses in areas including power operation and construction, incorporated in Indonesia, with whom we have had more than three years of trading relationship. Customer K has not defaulted on any of its payments to us.

(3) Customer L is a power solutions provider, incorporated in Bangladesh, involved in fossil fuel and renewable power plant construction, power generation for public and private customers including utilities in Bangladesh, marketing of diesel and gas generating sets and provision of installation testing, commissioning, and after-sales services, with whom we have had more than three years of trading relationship. Customer L has not defaulted on any of its payments to us.

(4) Customer M is a state-owned utilities company, incorporated in Myanmar, with whom we have had approximately two years of trading relationship. Customer M has not defaulted on any of its payments to us.

(5) Customer N is a power projects operator operating several projects in various regions in Indonesia, incorporated in Indonesia, with whom we have had approximately two years of trading relationship. Customer N has not defaulted on any of its payments to us.

As of the Latest Practicable Date, none of our Directors, their close associates or any shareholder (who to the knowledge of our Directors owns more than 5% of our share capital) had any interest in any of our five largest customers.

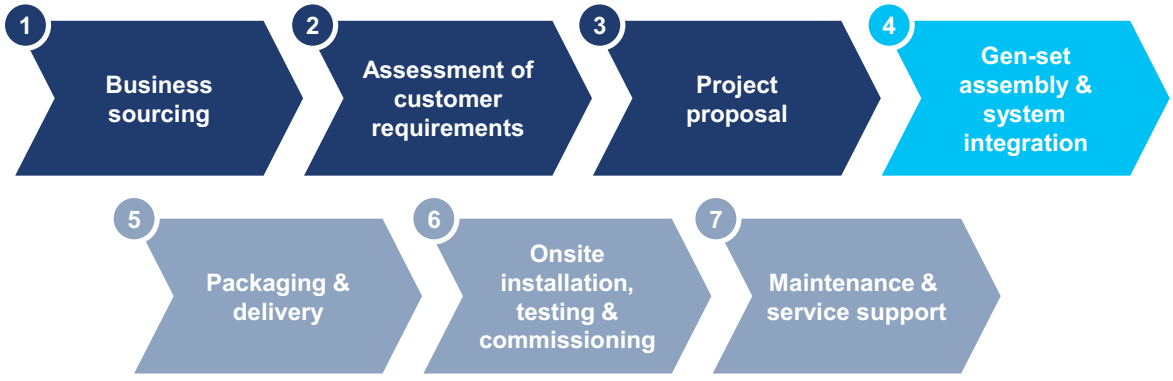
We extended credit terms of up to 90 days to the SI customers during the Track Record Period, who primarily paid us via letter of credit, cheque or telegraphic transfer. For some of our customers, we have provided longer credit terms. We typically extend a credit period to our IBO customers of up to 60 days. For more information about our contracts with intermediate off-takers, see "— IBO Business — Our Operating Agreements."

A small number of our suppliers accounted for a significant portion of our costs of goods sold during the Track Record Period. In 2013, 2014 and 2015 and the five months ended May 31, 2016, purchases from our five largest suppliers collectively accounted for approximately 69.4%, 79.1%, 83.2% and 86.0% of our total purchases during the same periods, respectively, and purchases from our largest supplier accounted for approximately 52.0%, 55.8%, 68.6% and 68.6% of our total purchases, respectively. These suppliers were CRRC, MTU, Bergen and other machinery and equipment companies. They generally granted us credit terms of up to 180 days. As of the Latest Practicable Date, none of our Directors, their close associates or any shareholder (who to the knowledge of our Directors owns more than 5% of our share capital) has any interest in any of our five largest suppliers. As of the Latest Practicable Date, our largest supplier, CRRC, held 3.84% of our share capital.

## SI BUSINESS

We design, integrate and sell engine-based gen-sets, ancillary equipment and PGSs. We also provide after-sales services and parts. We specialize in integrating high-speed gas-fired and diesel-fired engine-based gen-sets and PGSs capable of generating power output ranging from 80kW to 2,800kW, at both 50Hz and 60Hz and at a constant speed of 1,500 rpm and 1,800 rpm. We also offer customized solutions upon request. Under our SI business, we sold gen-sets and PGSs with an aggregate capacity of 286.3MW, 345.6MW, 407.6MW and 158.3MW in 2013, 2014 and 2015 and the first five months of 2016, respectively.

The following diagram illustrates our general SI business model:




- ***Business sourcing*** — Our customers contact us when they require our products. We sell gen-sets and PGSs directly to customers or participate in a tender process initiated by customers. Our SI business tender success rates were 66%, 69%, 60% and 63% for the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2016.

- ***Assessment of customer requirements*** — Our sales team and internal technical experts meet with customers and engineering consultants to assess their specific order requirements and specifications, including requirements with respect to fuel consumption, local climate conditions, operational parameters, exhaust emission standards and noise levels. For new customers, we may travel to the proposed project site to inspect local site conditions. We have a large selection of pre-defined gen-set solutions for customers to select from, including engine-based gas-fired and diesel-fired gen-sets with a wide range of outputs.

- ***Project proposal*** — Our in-house engineers provide project proposals directly to our customers or through the tender process. Our proposals specify the key components of the gen-sets, including the specific brand and model of the engines and major ancillary equipments. We can also design the layout of the PGS and provide customized designs of PGSs upon request. Once the proposal is accepted, the executed sales contract is passed to the technical and project department for system assembly and integration.

- ***Gen-set assembly and system integration*** — We have strong engineering capabilities and well-established in-house processes to assemble, install and integrate gen-sets and PGSs in accordance with the agreed specifications and designs. To produce the PGSs, we further integrate the gen-set with ancillary equipment. We have stringent assembly and quality control processes to check that specifications and performance parameters are met for each gen-set and PGS.

- ***Packaging and delivery*** — We can deliver our gen-sets and PGSs to our customers within a relatively short timeframe. Gen-sets with high-speed engines are typically designed to be housed in ISO-standard shipping containers for long distance transportation and installation. ISO-containerized PGSs are typically 20 feet or 40 feet in length. We have a standard protocol for packaging and delivering gen-sets to a variety of regions. We transport our gen-sets and PGSs by land and by sea with reputable international forwarders and local forwarders.

- ***Onsite installation, testing and commissioning*** — We offer onsite installation and commissioning services upon customers' request. If our customers require our installation services, our engineers work with the customers' local technical teams and monitor the installation process. We test and commission the PGSs once they have been installed.

- ***Maintenance and service support*** — We provide after-sales technical support to our customers. For components other than engines, we provide a warranty covering repair services of up to one year after commissioning or 18 months after delivery, whichever is earlier. Our maintenance services include checking the PGSs each month and providing spare parts as needed. We can also provide additional repair and maintenance services outside of the warranty period for an additional cost. The engine, alternator and radiator manufacturers provide separate warranties for such items. Any repair and maintenance work relating to such items will be carried out by the relevant manufacturers under the same warranty terms we offer to our customers.

**Customers, Sales and Marketing**

We coordinate all sales and marketing activities of our SI business from our headquarters in Hong Kong. We also have dedicated sales teams in Shenzhen and Shanghai covering the PRC market, as well as local sales channels in key markets for international sales. We promote our brand through trade fairs, seminars, industry magazines and other media channels. While we may use sales agents to sell our products from time to time, we did not have formal distributor arrangements during the Track Record Period.

We sell gen-sets and PGSs to customers covering a variety of sectors, including industry-grade and utility-grade DPG stations, governmental, residential and commercial buildings, data centers, hotels, construction works, mining operations, railway projects and telecommunications projects. Our SI customers are primarily located in the PRC, Singapore, Hong Kong, the UAE, South Korea and the Philippines. We also have end-users in other countries such as Brazil. In 2010, we secured our first sales order from F.K., to supply gen-sets and PGS components using MTU engines to a 140MW diesel-fired fast-track utility-grade DPG station in Manaus, Amazonas, Brazil. We also supplied ISO-containerized PGSs using Komatsu engines to a power station with approximately 35MW output in the same location. As of May 31, 2016, the PGSs that we had sold to Brazil since 2009 had a cumulative installed capacity exceeding 600MW. These transactions gave us valuable experience in building and commissioning fast-track utility-grade DPG stations. We also work with electrical contractors to participate in tenders for projects released by the Hong Kong government.

**Our Sales Agreements**

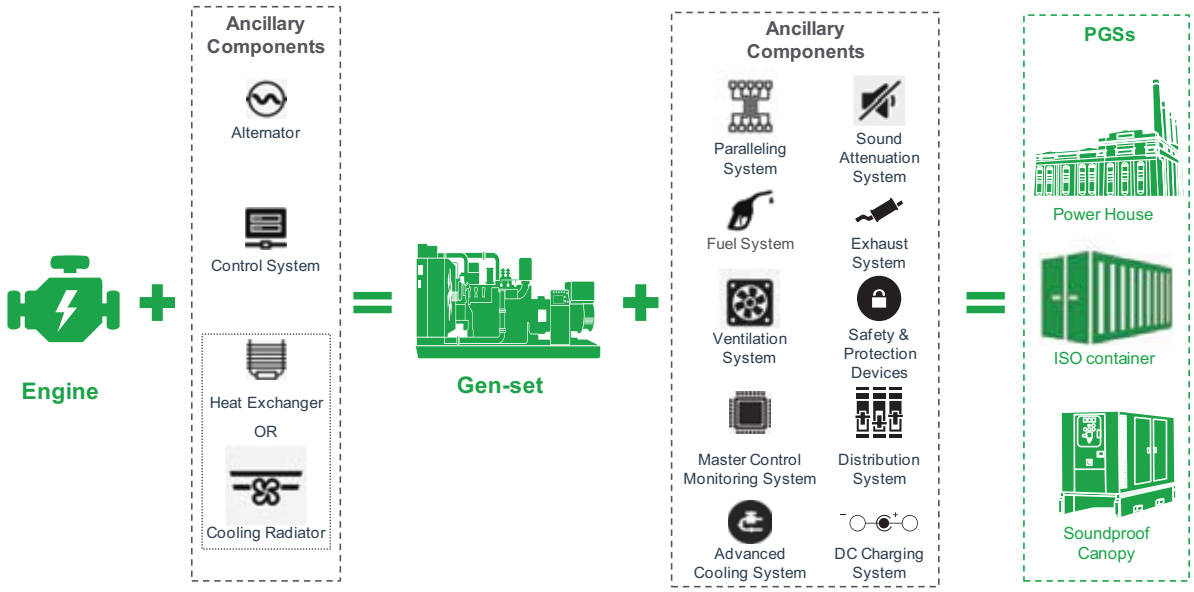
We sell gen-sets and PGSs with or without installation and commissioning services. Under our typical sales agreement, we retain all intellectual property rights to all technical information and other documentation provided to customers. The agreements state that the technical data, operating costs, consumption figures, power outputs, weights, dimensions and service lives of the engines and components of the PGSs are supplied by the original manufacturers of the components of the PGSs. The agreements expressly state that the specifications are only approximate figures unless they are expressly agreed by us as required specifications in writing. These agreements contain product specifications, payment terms, warranties, confidentiality obligations, termination clauses, among other general terms and conditions. We provide limited warranties to our products which are based on the warranties provided by the original manufacturers of the various components of our products, and we refer our customers to the manufacturers of the components of our products for any enquiries regarding their specifications.

Our sales are primarily denominated in Renminbi, US dollars, Hong Kong dollars and Euros, and payments are usually settled by telegraphic transfers and/or letter of credit. Depending on the customer, we ask them to pay through open credit, by installments or in full before delivery. We also typically offer a credit period of up to 90 days to our customers.

**Our Products**

Under our SI business, we sell gen-sets on a standalone basis or integrate them with ancillary components and sell them as PGSs.

The following diagram illustrates each of the components involved in system integration:




Note: Simplified diagrams and process shown for illustration only.

***Gen-sets***

Engine-based gen-sets use mechanical energy produced by an engine to drive an electrical generator, otherwise known as an alternator, to produce electricity. In order to manufacture a gen-set, a combustion engine is integrated with an alternator, an electronic gen-set control system, a cooling radiator or heat exchanger and other wiring and connections. The internal combustion engines in the gen-set can burn a variety of fuels, including natural gas, biogas, landfill gas, gasoline, LFO, HFO, diesel, and biodiesel.



Gen-set

We mainly produce gas-fired and diesel-fired gen-sets. Being mostly gas-fired, our gen-sets generally have lower carbon emissions than engines using other types of fossil fuels. We are beginning to assemble dual-fuel configuration gen-sets that burns both natural gas and diesel fuel. Our gen-sets are typically installed with engines manufactured by high-quality engine manufacturers, such as MTU and Komatsu.

***PGS***

We integrate gen-sets with various components to form a PGS. Our PGSs are carefully designed and integrated with ancillary equipment, including equipment for monitoring, cooling, ventilation and charging. PGSs are housed in power houses, enclosed in soundproof canopies or housed in ISO standard shipping containers, also known as ISO-containerized PGSs. We primarily sell ISO-containerized PGSs.



Soundproof canopy

**Soundproof Canopy**

Our soundproof canopy PGSs generally accommodate diesel-fired PGSs and have a power output from 80 kW to 240 kW. They bear the CE mark and have been approved by the Hong Kong Environmental Protection Department as "QPME."

**ISO-containerized PGSs**

For an ISO-containerized PGS, gen-sets are housed in an ISO standard shipping container, which is 20 feet or 40 feet in length and is designed to be "plug-and-play" for easy transportation, storage, installation and decommissioning. We have ISO-containerized 20-foot PGSs that are powered by diesel and have a power output of up to 1,400 kW, as well as ISO-containerized 20-foot PGSs powered by gas and have a power output of up to 1,560 kW. Both ISO-containerized 20-foot PGSs comply with the EPA Tier 2 emission standard. The ISO-containerized design reduces the size of the PGS and its operational and delivery costs. We have ISO-containerized 40-foot PGSs that are powered by diesel and have a power output of up to 2,800 kW, which also comply with the EPA Tier 2 emission standard.



20-foot container



40-foot container

The containers of our ISO-containerized PGSs are designed in accordance with Lloyd's Register Group Container Certification Scheme and the International Convention for Safe Containers to facilitate transportation and positioning with a simple crane without the need for any special equipment. The PGSs can be decommissioned and removed within days by simply disconnecting the various cable connection points, disposing of the used cables and loading the PGSs onto regular trucks with a regular crane. This allows them to be quickly redeployed to a new location.

**Other Application**

We have technical skills and know-how to design and deliver PGSs that can cope with challenging operating conditions, such as high altitudes or extreme climates. For example, in 2005, we designed, integrated and delivered our PGSs, along the Qinghai-Tibet Railway, the world's highest railway, and communication sub-stations in the PRC with a total of 50 sets of 1.2MW gen-sets. We installed PGS components on the railway generator wagon and ISO-containerized PGSs were installed at signaling centers for emergency back-up purposes. The PGSs were designed to operate at altitudes up to 5,072 meters and temperatures ranging from negative 45 degrees Celsius to positive 40 degree Celsius. In 2008, we sold 360 sets of enclosed soundproof canopy type PGSs to China Railway Corporation, supplying nine out of 18 provinces of the PRC, when the country was hit by severe winter storms.



PGS in railway signaling station

***Gen-set Ratings***

Gen-sets can be small, medium or large, based on their rated power output, with each size being more appropriate for certain applications, covering a wide range of utility, industrial and commercial uses. We primarily sell large gen-sets with rated power output of 800KW or above, used by heavy-duty industrial users or utility-grade producers.

Gen-sets carry one of three power output ratings depending on the mode it is used for: emergency standby power, prime power or continuous operating power. The following table sets out select information about the types of gen-sets and PGSs we provide, with power output between 80kW and 2,800kW, and frequency of 50Hz or 60Hz:

| Fuel Type | Power Rating | Power output (kW) | |
|---|---|---|---|
| | | 50Hz | 60Hz |
| Diesel | Prime power | 80 to 2,500kW | 80 to 2,800kW |
| Gas/Biogas | Continuous operating power | 220 to 2,500kW | 240 to 2,100kW |

***Pricing***

Our products vary significantly in price. We price our products primarily based on engine costs, gen-set power output, order volume, technical specifications, and storage and transportation costs.

The following table shows the average selling price of our gen-set system integration, calculated by dividing the total revenue under our SI segment (including revenue from after-service and parts) by the total kW of our gen-sets and PGSs sold under our SI business during the Track Record Period.

| | Year ended December 31, | | | Five months ended May 31, |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 |
| Gen-set system integration (HK$ per kW) | 1,870 | 2,273 | 2,369 | 2,381 |

Our average selling price increased by 27.3% from 2013 to the first five months of 2016 due to an increase in our bargaining power with customers and an increase in engine costs, which we passed on to customers.

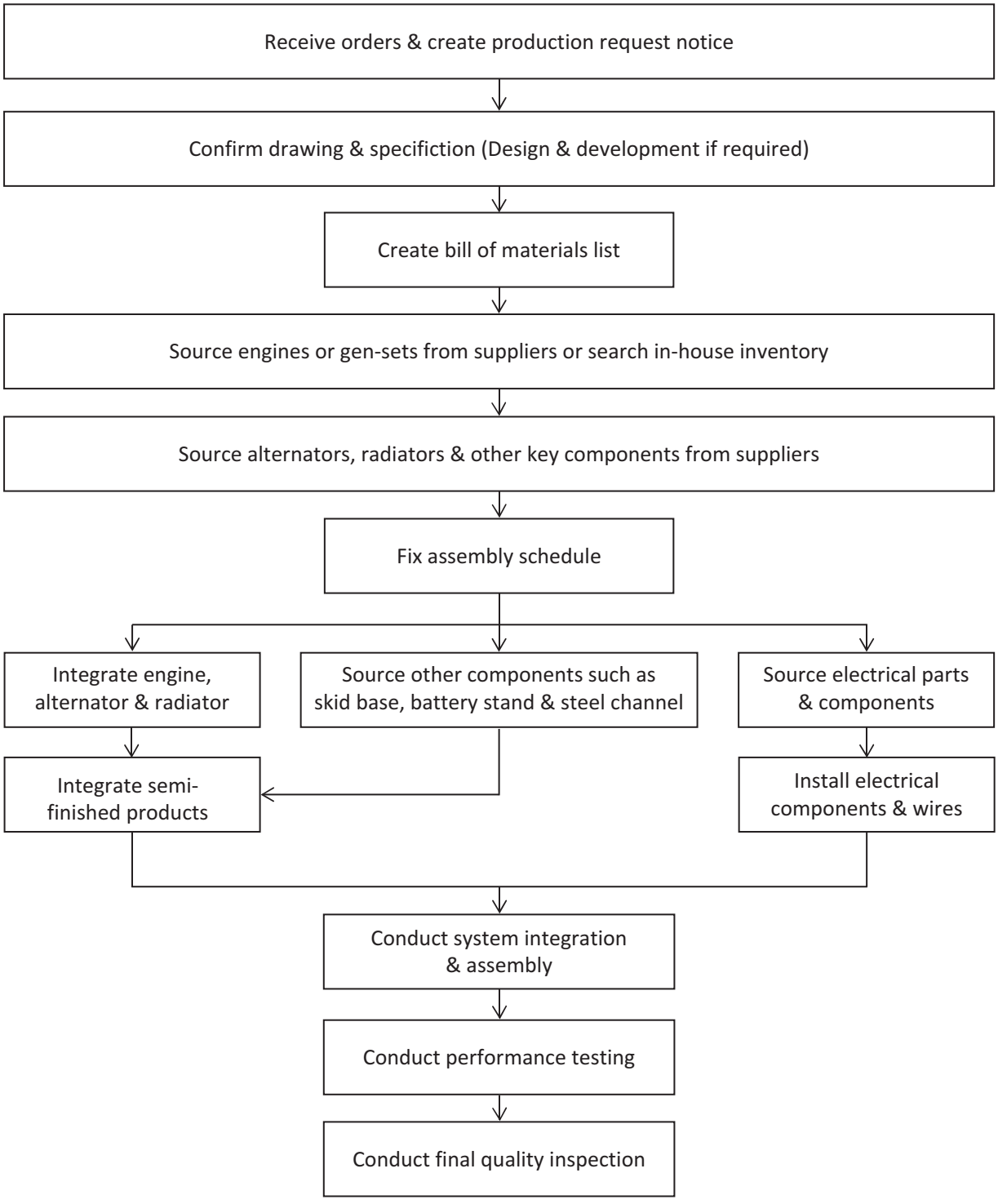
***Seasonality***

Our sales under the SI business are typically lower during the first quarter every year due to the Chinese New Year holiday. Production at factories in China tends to slow down for at least four weeks, or even completely shutdown, before and after the Chinese New Year holiday. In this vein, our assembly facilities and our component manufacturers often are not operating during those holidays. Therefore, we generally experience a decrease in our sales during these periods and an increase in our sales for the periods prior to and after the holidays. For more details, see "Risk Factors — Risks Related to Our Business and Industry — Our SI business is subject to seasonality due to holiday seasons."

**Production and System Integration Process**

Our gen-sets and PGSs are assembled at our facilities in the PRC. We purchase all the key components of a gen-set and ancillary equipment for a PGS. We do not outsource any of our integration processes. From time to time, we produce ancillary components in-house.

The following chart illustrates the main steps of the typical production process of our gen-sets and PGSs:




*Note: Appropriate adjustments to the above processes will be made for customized gen-set and PGS production.*

After receiving a customer order, our order administrator notifies our production facility of the specifications that the customer requested. Then, our technical team prepares the drawing, and if required, designs the PGS and determines the system integration techniques for producing the PGS. The technical

team creates a bill of materials, which is sent to our procurement department, which checks our inventory and sources any necessary components and ancillary equipment. We discuss and confirm the designs for the components and ancillary equipment with the suppliers and procure the components and ancillary equipment from them after inspecting for quality. Our integration technicians and engineers will then integrate the engine, alternator and radiator and all other components and ancillary equipment in accordance with the system integration techniques to form the gen-set. To produce the PGSs, we further integrate the gen-sets with ancillary equipment. We perform function and quality checks on the finished gen-sets or PGSs at our testing center. If the gen-sets and/or PGSs pass the tests, they will be subject to a final quality inspection and then proceed to the packaging process. The finished gen-sets and PGSs will be delivered to designated locations or collected by our customers. Our customers may also ask us to install and commission the PGSs on-site.

The time required for creating component and ancillary equipment specifications and confirming component and ancillary equipment designs varies based on the complexity of the product designed. The time required for procuring components and ancillary equipment varies depending on our in-house inventory levels.

To integrate our gen-sets and PGSs, our technicians assemble them in accordance with our pre-determined proprietary design with the assistance of assembly tools. We can increase our assembly capacity by increasing our factory space, hiring additional employees and procuring additional assembly line equipment, which mostly consists of cranes for moving engines and containers. Assembly of our products does not require custom-made equipment and we do not foresee difficulties increasing our assembly capacity.

***Certifications***

We have received international certifications for our quality and environmental management systems. The following table sets forth a summary of major international certifications that we have received for our facilities:

| Certification/Standards | Description |
|---|---|
| ISO 9001:2008 | Certification for our quality management system in connection with the manufacturing, installation and maintenance servicing of gen-sets |
| ISO 14001:2004 | Certification for our environmental management system in connection with the manufacturing, installation and maintenance servicing of gen-sets |
| CE Mark | Certification for the standard and transposed standard have been conducted in connection with the electricity gen-sets |
| TLC | Certification for product qualification assessment in industry and communications in connection with the electricity gen-sets |
| QPME | Hong Kong Environmental Protection Department approved as a 'Quality Power Mechanical Equipment' |

***Quality Control***

We strive to ensure product quality, functionality and reliability and have developed comprehensive procedures and protocols for component sourcing, testing, assembly, operations and maintenance.

As of May 31, 2016, we had assembled a dedicated quality control team consisting of 8 employees. Our quality control team is responsible for ensuring on-going compliance with our manufacturing

procedures and quality control protocols. They also collaborate with our research and development team to improve product quality and production standards on an on-going basis. Most of our quality control team members have over 10 years of relevant experience in this industry.

We source components from our designated suppliers who have passed our rigorous qualification and quality control process. We conduct random sample checks upon receipt of the components using our proprietary designed testing module.

We implemented a number of measures to check that our in-house facilities adhere to our manufacturing standards, quality control protocols, product specifications and national and industry standards, including maintaining and updating our detailed assembly procedures and protocols, and controlling critical points throughout the assembly process.

After the completion of the system integration process, the finished gen-sets and PGSs undergo testing procedures at our testing center, which can simultaneously test two gen-sets or PGSs of power output of 2MW.

**Our Major Suppliers and Component Manufacturers**

We primarily use engines manufactured by MTU, Komatsu and some other U.S.-based manufacturers for our gen-sets and PGSs. MTU is a globally recognized, leading high-speed engine manufacturer with over 100 years of experience in engine production. According to Frost & Sullivan, MTU, combined with its affiliate, Bergen, ranks second among global manufacturers of engines for power generation by unit shipments in 2015. Komatsu is an international diversified provider of industrial-use product, particularly in the field of construction and mining equipment, according to Frost & Sullivan.

***MTU***

We have been purchasing engines from MTU since 2008 for our SI business, both directly from MTU and through our cooperative procurement arrangement with CRRC as described below. During 2013, 2014 and 2015 and the five months ended May 31, 2016, we purchased an aggregate of HK$285.2 million, HK$401.4 million, HK$410.8 million and HK$222.9 million of MTU engines, accounting for 58.6%, 57.1%, 39.0% and 59.1% of our total purchases for 2013, 2014 and 2015 and the five months ended May 31, 2016, respectively. According to MTU, we were the largest purchaser of MTU high-speed gas-fired engines in terms of sales in the power generation sector in 2015.

Beginning in 2013, we started a cooperative procurement arrangement with CRRC, an important customer of MTU, to purchase engines, typically MTU Series 4000 high-speed engines and other products. We purchased HK$253.3 million, HK$392.1 million, HK$399.0 million and HK$213.4 million (representing 100%, 100%, 55.2% and 82.4% of our total purchases of engines through CRRC) of MTU engines through such arrangement with CRRC in 2013, 2014 and 2015 and the five months ended May 31, 2016, respectively. The purchases of MTU engines through our procurement arrangement with CRRC accounted for 52.0%, 55.8%, 37.9% and 56.6% of our total purchases for 2013, 2014 and 2015 and the five months ended May 31, 2016, respectively. Our purchases of MTU engines through CRRC decreased to 37.9% in 2015 as our total purchases of engines in 2015 increased and we purchased more engines from other manufacturers due to demand from our customers. As CRRC regularly purchases Series 4000 engines and related products from MTU for rolling stock construction and hence can generally enjoy better bargaining power with MTU with more sizeable orders, this arrangement with CRRC provides us with more favorable

engine prices and payment terms of up to 180 days as compared to the payment terms of up to 60 days we typically receive from MTU for direct purchases of MTU Series 4000 high-speed engines. According to CRRC, CRRC charges us a premium for engines that we purchase from CRRC (manufactured by MTU or another engine supplier) over the cost at which CRRC purchases the engines from the engine suppliers. Based on our estimation using information available to us, if we could not benefit from the longer payment term afforded under the procurement arrangement when acquiring MTU engines through CRRC, we would seek general banking facilities, which we estimate from our experience would have an interest rate of not more than 1.0%, and would have resulted in an hypothetical increase in interest expense of approximately HK$2.3 million, HK$3.5 million, HK$3.6 million and HK$1.9 million for 2013, 2014, 2015 and the five months ended May 31, 2016, respectively, representing 23.7%, 2.9%, 2.6% and 6.9% of our net profit for the respective periods, to cover our funding needs during the extra 120 days. The hypothetical increase for 2013 as a percentage of our net profit is higher than those for the other periods due to a significant increase in start-up costs such as overhead expenses, including hiring of senior staff and increase in rented office space, as we began our IBO business in 2012, before revenue were generated and contributed by our IBO business, and we also incurred a one-time share-based payment expense of HK$9.6 million in 2013. As our IBO business contributed more revenue in subsequent periods, our net profit increased and the hypothetical interest expenses as a percentage of our net profit is lower as a result. As such, we do not expect any hypothetical increase in interest expense would have a material impact on our financial position going forward.

We believe this procurement arrangement provides us with convenience and expediency, allowing us to save time, resources and effort from price bargaining. MTU is fully aware of our cooperative procurement arrangement with CRRC as we continue to engage in direct discussions with MTU on the technical aspects, specification requirements and the estimated timing of delivery of our engine purchases. Through our procurement arrangement with CRRC and directly with the manufacturers, we also procure engines from other high-quality manufacturers located in Europe and Asia. Since establishing the cooperative procurement arrangement with CRRC, we have not separately purchased MTU Series 4000 engines outside of the arrangement except two prototype units under the MTU Series 4000, which we purchased directly from MTU in June 2016 for new development and field testing at one of our DPG stations in Myanmar. Our procurement arrangement with CRRC is limited to engine purchase orders and any change in payment or credit terms would not have a material impact on our financial position. For more details on any risk related to our procurement arrangement, please refer to "Risk Factors — We primarily obtain engines through CRRC for our SI business."

Notwithstanding our arrangement with CRRC, given our long-standing relationship with MTU since 2008 and historical business collaborations, we have independently made purchases of engines and parts directly from MTU. We believe that, if we make purchases of the relevant engine models directly from MTU, the price difference would not be substantial. In the absence of the longer payment term, we can seek alternative financing arrangement. During the Track Record Period, we continued to purchase MTU Series 2000 high-speed engines and parts with services directly from MTU, as CRRC does not purchase these models on a regular basis. During the Track Record Period, we purchased HK$33.9 million, HK$18.2 million, HK$59.8 million and HK$15.5 million of engines and parts, directly from MTU for 2013, 2014 and 2015 and the five months ended May 31, 2016, respectively, accounting for 6.9%, 2.6%, 5.7% and 4.1% of our total purchases for 2013, 2014 and 2015 and the five months ended May 31, 2016, respectively, and did not purchase engines from Bergen or other MTU affiliates for our SI business.

***Komatsu***

We directly purchased an aggregate of HK$7.8 million, HK$42.0 million and HK$11.0 million of Komatsu engines in 2013, 2014 and 2015, respectively, accounting for 1.6%, 6.0% and 1.0% of our total

purchases for 2013, 2014 and 2015, respectively. We did not purchase any Komatsu engines during the five months ended May 31, 2016.

***Another Engine Supplier***

We purchased an aggregate of nil, nil, HK$323.5 million and HK$45.5 million (representing nil, nil, 44.8% and 17.6% of our total purchases of engines through CRRC) of another brand of engines through CRRC in 2013, 2014, 2015 and the five months ended May 31, 2016, respectively, accounting for nil, nil, 31.1% and 12.1% of our total purchases for 2013, 2014 and 2015 and the five months ended May 31, 2016.

***Component Manufacturers***

We typically purchase alternators, high-quality radiators and ancillary equipment that must be integrated with the gen-set to form PGSs, directly from other third-party manufacturers. We also provide detailed specifications to third-party manufacturers located in the PRC, who manufacture other key components of our gen-sets and PGSs.

We seek to maintain sufficient inventory to satisfy our customer needs. In the unlikely event that we cannot obtain a sufficient supply of engines from any particular manufacturer, we will aim to source engines of the same brand and type from distributors or other industry players. If we cannot source engines of the same brand and type from any source, we will discuss alternatives with our customers. We did not experience any shortage or delay in the supply of components during the Track Record Period. We are generally able to pass on increases in component prices to our customers. We manage our inventory carefully to maintain sufficient components in accordance with our internal annual forecast.

**IBO BUSINESS**

Under our IBO business, we design, invest in, build, lease and, in collaboration with off-takers, operate DPG stations. Our existing DPG stations have installed capacity ranging between 20.3MW to 149.8MW in Indonesia, Myanmar and Bangladesh, with contract terms typically ranging from two to five years. Our IBO business focuses on markets with power shortages, particularly those where local governments aim to increase the electrification rate for both residential and commercial use with the support of DPG stations. We were the largest private gas-fired engine-based DPG station owner and operator in Southeast Asia and also the largest private gas-fired DPG station owner and operator in Indonesia and Myanmar, in each case in terms of secured installed capacity as of December 31, 2015, according to Frost & Sullivan.

As the owner and operator of our DPG projects under our IBO business, we take the lead role throughout the DPG project development process from sourcing, developing, constructing, financing to operating those projects. At the outset of the project development process, we perform market due diligence, project identification and pursuit, bidding and negotiations of the final key project terms of the operating agreements. In terms of project design, we assess project strategy, establish project structure, finalize technical proposal with involvement of our project co-developer and produce a preliminary design and milestone schedule for the DPG station. During the construction stage, we manage the construction of the project and work with our project co-developer and EPC contractor and its sub-contractors to execute the construction. We also actively supervise the construction and provide technical advice as needed. Upon completion of the construction, we are generally responsible for the operations and maintenance of the DPG station, which we monitor in Hong Kong and the PRC on a day-to-day basis through a mobile and real time application. In terms of ownership and financing needs of our DPG stations, we own the assets employed in the DPG stations and fund our IBO business with cash from equity issuances and operations,

finance leases, installment arrangements with our project co-developers and EPC contractors and bank borrowings. For more details on our involvement in the development process and operation of our DPG stations, please refer to "— IBO Business — DPG Station Development Process".

Typically, we pay less than 15% of the project investment as a deposit to our project co-developer upfront and pay the remaining portion in milestone payments. In the absence of milestone payments, we can seek alternative financing arrangements. Based on our estimation using information available to us, without the benefit of milestone payments to CRRC, our interest expense would have increased hypothetically by nil, HK$0.7 million, HK$4.5 million and HK$2.4 million, representing nil, 0.37%, 1.11% and 0.44% our EPC payables (equivalent to nil, 0.55%, 3.20% and 8.54% of our net profit) for 2013, 2014 and 2015 and the five months ended May 31, 2016, respectively. Based on our estimation using information available to us, without the benefit of milestone payments to CNTIC, our interest expense would have increased hypothetically by nil, HK$0.1 million, HK$0.04 million and nil, representing a hypothetical increase of nil, 0.07%, 0.01% and nil of our EPC payables (equivalent to nil, 0.10%, 0.03% and nil of our net profit) for 2013, 2014 and 2015 and the five months ended May 31, 2016, respectively. Upon the commencement of commercial operation of the DPG stations, ownership of the DPG station assets, including PGSs equipped with MTU high-speed engines or Bergen medium-speed engines, is transferred from the project co-developer to us as the project owner and operator. The EPC contractor or sub-contractor bears responsibility for project construction until commercial operations commence. We are generally responsible for the operation and maintenance of our DPG stations. We generally subcontract some of our daily operation and basic repair and maintenance functions of our DPG stations to local companies, while a dedicated team in Hong Kong and the PRC monitors the day-to-day operations, including through the mobile and real-time application. Our off-takers are responsible for providing fuel and land for the DPG stations.

We endeavor to design and build our DPG stations with standardized specifications in a "plug-and-play" manner without the need to further configure the PGSs, reducing the costs and labor requirements for transporting, constructing, installing, commissioning and operating the stations.

We have a proven track record of winning tenders and developing DPG stations on our own without any involvement of any co-developer or EPC contractor. For our DPG projects awarded to us through a tender process, we won these tenders without the involvement of any co-developer, including our primary co-developer for our DPG stations globally, CRRC. The table below sets forth a revenue breakdown for our IBO business of the DPG projects which have had (1) involvement with CRRC, (2) involvement with CRRC post-commercial operation date only and (3) no involvement with CRRC, for the periods indicated, both as a percentage of total revenue and total IBO revenue:

| | Year ended December 31, 2013 | | Year ended December 31, 2014 | | Year ended December 31, 2015 | | Five months ended May 31, 2016 | |
|---|---|---|---|---|---|---|---|---|
| | Revenue as percentage of | | Revenue as percentage of | | Revenue as percentage of | | Revenue as percentage of | |
| | total revenue | total IBO revenue | total revenue | total IBO revenue | total revenue | total IBO revenue | total revenue | total IBO revenue |
| IBO projects with CRRC involvement as our EPC contractor or co-developer .... | – | – | – | – | 6.3% | 30.7% | 12.7% | 48.7% |
| (Kyauk Phyu I, Kyauk Phyu II and Palembang) | | | | | | | | |
| IBO projects with CRRC's involvement post commercial operation date only as our EPC contractor or co-developer .... | 5.5% | 79.0% | 10.4% | 67.0% | 9.5% | 46.5% | 9.0% | 34.6% |
| (Teluk Lembu I[1] and Pagla[2]) | | | | | | | | |
| IBO projects without CRRC's involvement ..... | 1.5% | 21.0% | 5.1% | 33.0% | 4.6% | 22.8% | 4.3% | 16.7% |
| (Teluk Lembu II and Kalimantan[3]) | | | | | | | | |

Notes:

(1) CRRC assisted us in increasing installed capacity by another 9.4MW at this DPG station (the additional capacity commenced commercial operation in April 2014), which is the second time we increased installed capacity for this DPG station.

(2) CRRC assisted us in replacing the original soundproof canopy PGSs by installing new ISO-containerized PGSs at this DPG station.

(3) We have decommissioned the DPG station in Kalimantan due to PLN requesting the replacement of its diesel-fired stations with gas-fired stations.

The following shows the deployment of our ISO-containerized PGSs:

In Transit

Shipment | Transportation | Lifting





On-site

Positioning | Plug-and-play Fixing | Completion





**Our DPG Stations**



High-speed engine-based gas-fired DPG station

Our DPG stations mainly consist of ISO-containerized PGSs with MTU high-speed engines and power substations. As of the Latest Practicable Date, in terms of installed capacity, 75.9% and 24.1% of our DPG stations under our IBO business utilized MTU and Bergen engines, respectively. The ISO-containerized PGSs can be placed on most terrain and do not require time-consuming foundation work. Our PGSs and power substations are modular in design and the PGSs for our DPG stations are mostly housed in ISO-standardized containers, which results in lower construction and installation costs as compared with CPG projects. These ISO-containerized PGSs are designed in accordance with Lloyd's Register Group Container Certification Scheme and the International Convention for Safe Containers to facilitate ease of transportation and can be positioned with a regular crane without the need for any special equipment. In addition, they can be quickly scaled up to increase power production capacity per DPG station and can be readily decommissioned and redeployed.



Medium-speed engine-based gas-fired DPG station

In certain situations, our DPG stations are equipped with medium-speed engine-based gas PGSs which are installed in power houses instead of being housed in ISO containers. Medium-speed engine-based PGSs

are larger in size, can produce up to 9.4MW per unit and are more expensive, but are more fuel efficient. These PGSs are more suitable for deployment in DPG stations with larger capacity and longer contract length, where the mobility of our PGSs is less important. Our DPG stations are equipped with medium-speed engines only if required by our customers, for example in our DPG stations at Teluk Lembu II and Jambi in Indonesia.

We had eight DPG stations in commercial operation in Indonesia, Myanmar and Bangladesh, which had an aggregate installed capacity of 507.1MW, as of the Latest Practicable Date. This included seven environmentally friendly gas-fired DPG stations for continuous operation and one diesel-fired DPG station for peak-shaving. We also had one DPG station under construction in Ghana, which has a planned installed capacity of 56.2MW. We expect the station to commence operations in December 2016. We have installed PGSs and power substations in our DPG stations, which are modular in design, making them significantly more mobile and scalable than traditional CPG projects. As of December 31, 2015, the PGS fleet at our DPG stations in commercial operation had an average age of 1.3 years, making it the youngest comparing with our major competitors in the gas-fired fast-track utility-grade DPG market in Southeast Asia, according to Frost & Sullivan.

Our DPG stations in operation and under construction are utility-grade and we intend to continue to primarily develop utility-grade DPG stations going forward. The following table shows our current DPG stations in operation, under construction and contracted to deliver as of the Latest Practicable Date. We wholly own each of the following projects.

**IN OPERATION**

| Projects | Installed Capacity (MW)[6] | Contract Capacity (MW)[5] | Minimum Contracted Capacity (MW)[7] | Fuel Type | Start of Operations | Contract Length (months) | Ultimate Off-taker | Counter-party | Project Type | Engine Type | Payment Arrangement[8] |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Teluk Lembu I | 20.3[1] | 12.0 | 9.6[2] | Gas | December 2012 | 52[2] | PLN | Intermediate off-taker | Continuous | High-speed | Finance lease |
| Teluk Lembu II | 65.8 | 50.0 | 50.0 | Gas | June 2014 | 60 | PLN | Intermediate off-taker | Continuous | Medium-speed | Secured loan |
| Palembang | 56.2 | 50.0 | 40.0 | Gas | May 2015 | 18 | PLN | Intermediate off-taker | Continuous | High-speed | Secured loan |
| Jambi | 56.4 | 50.0 | 40.0 | Gas | September 2016 | 60 | PLN | Intermediate off-taker | Continuous | Medium-speed | Installment arrangement |
| **Indonesia subtotal** | **198.7** | **162.0** | **139.6** | | | | | | | | |
| Kyauk Phyu I | 49.9 | 45.0 | 35.6[3] | Gas | March 2015 | 20 | EPGE | Ultimate off-taker | Continuous | High-speed | Installment arrangement |
| Kyauk Phyu II | 49.9 | 45.0 | 35.6[3] | Gas | March 2016 | 60 | EPGE | Ultimate off-taker | Continuous | High-speed | Installment arrangement |
| Myingyan | 149.8 | 133.0 | 105.1[3] | Gas | June 2016 | 60 | EPGE | Ultimate off-taker | Continuous | High-speed | Installment arrangement |
| **Myanmar subtotal** | **249.6** | **223.0** | **176.3** | | | | | | | | |
| Pagla, **Bangladesh** | 58.8 | 50.0 | N.A. | Diesel | September 2014[4] | 60[4] | BPDB | Intermediate off-taker | Peak Shaving | High-speed | Installment arrangement and finance lease |
| **Subtotal** | **507.1** | **435.0** | **315.9** | | | | | | | | |

## UNDER CONSTRUCTION

| Projects | Planned Installed Capacity (MW)[6] | Contract Capacity (MW)[5] | Minimum Contracted Capacity (MW)[7] | Fuel Type | Expected Start of Operations | Contract Length (months) | Ultimate Off-taker | Counter-party | Project Type | Engine Type | Payment Arrangement[8] |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Ghana** | 56.2 | 50.0 | 50.0 | Gas | December 2016 | 60 | ECG | Intermediate off-taker | Continuous | High-speed | Installment arrangement |
| **Subtotal** | **56.2** | **50.0** | **50.0** | | | | | | | | |
| **Total** | **563.3** | **485.0** | **365.9** | | | | | | | | |

Notes:

(1) Installed capacity of Teluk Lembu I was 28.1MW as of December 31, 2015. In the first quarter of 2016, five units of PGSs with 7.8MW capacity were decommissioned from the DPG station for redeployment to other DPG stations.

(2) The initial contract for Teluk Lembu I was for four months with 14.0MW installed capacity, 12.0MW contract capacity, 12.0MW minimum contracted capacity with commercial operation starting December 2012. Three subsequent amendments have been made to extend the contract and increase installed capacity. Additional installed capacity of 4.7MW and 9.4MW commenced commercial operations in April 2013 and April 2014, respectively. Most recently, the contract was extended for 12 months with contract expiry in April 2017 and 9.6MW minimum contracted capacity.

(3) Minimum contracted capacity for our Myanmar DPG stations are different during the dry-season (December to June) and wet-season (July to November). Minimum contracted capacity for Kyauk Phyu I, Kyauk Phyu II and Myingyan: 100% of contract capacity in dry-season; 50% of contract capacity in wet-season (Myingyan's minimum contracted capacity is 100% of contract capacity during first year of operation from June 2016 to June 2017); Minimum contracted capacity displayed in the table represents the weighted average minimum contracted capacity taking into account seasonality.

(4) The 60-month operating agreement for Pagla started from November 24, 2013 and ends on November 23, 2018. The Pagla DPG station commenced commercial operations with our newly installed ISO-containerized PGSs on September 15, 2014. Please refer to "— Illustrative DPG Station Case Studies — Bangladesh — Pagla" for further details.

(5) Contract capacity refers to the power generating capacity of the DPG stations that we are required to provide by contract. Typically, installed capacity is 10% to 20% more than contract capacity, which allows us to switch off individual PGSs for regular maintenance on-site.

(6) Installed capacity refers to the maximum power generating capacity of the DPG station based on aggregate capacity of PGSs installed.

(7) Minimum contracted capacity:

- For continuous DPG stations where our PGSs typically operate 24 hours a day, our operating or offtake agreements incorporate a take-or-pay obligation, which requires a minimum guaranteed off-take amount by the off-taker, which is the minimum contract capacity. The minimum contracted capacity is typically 80% to 100% of the contract capacity.
- For peak-shaving DPG stations where our PGSs typically operate only during peak-demand hours, our operating or offtake agreements incorporate a capacity-based provision, the off-taker pays a fixed dollar amount to reserve a minimum power generation capacity at all times, which is the minimum contracted capacity.

(8) For more details, please refer to "Financial Information — Indebtedness — Borrowings" and "Financial Information — Indebtedness — Project Development and Installment Arrangements and Other Borrowings".

We had 31.9MW, 165.9MW, 258.8MW and 300.9MW of installed capacity as of December 31, 2013, 2014, 2015 and May 31, 2016, respectively, representing a CAGR of 184.8% between 2013 and 2015. Our year-end order book as of December 31, 2013, 2014, 2015 and May 31, 2016, was 3,196MW-months, 10,015MW-months, 21,671MW-months and 20,548MW-months, assuming our DPG station operating agreements and offtake agreements are not terminated, representing a CAGR of 160.4% between 2013 and 2015. We calculate MW-month by multiplying contract capacity for a particular DPG station by the remaining duration (in months) of such contract. We fund our IBO business with cash from equity issuances and our operations, finance leases and bank borrowings. As of May 31, 2016, the carrying value of our debt attributable to our IBO business as a percentage of the net book value of our DPG stations was 43.4%.

Since we began our IBO business in 2012, we have generally only used new equipment in our DPG stations and have followed with rapid fleet growth every year since then. All of the gas-fired gen-sets in our

fleet are young. As of December 31, 2015, the PGS fleet at our DPG stations in commercial operation had an average age of 1.3 years, making it the youngest comparing with our major competitors in the gas-fired fast-track utility-grade DPG market in Southeast Asia, according to Frost & Sullivan.

We have DPG stations in Indonesia, Myanmar and Bangladesh. Please refer to "Illustrative DPG Station Case Studies" for more details. We have also begun developing a DPG station in Ghana with a planned installed capacity of 56.2MW that is expected to commence commercial operation by December 2016. We focused on Ghana in light of (i) Africa and Ghana's low average electrification rate (42.8% in Africa in 2014 and 72.0% in Ghana with 12.8% and 21.5% transmission loss in 2014, respectively, according to Frost & Sullivan), (ii) the United States's Power Africa Initiative, which aims to double access to power in sub-Saharan Africa, and other foreign aid, and (iii) Africa's rapid development. For more information, see "Industry Overview — DPG in Selected Power Markets — Africa" and "— Our Operating Agreements" in this prospectus.

We believe the IBO business model provides off-takers with distinctive advantages compared to CPG projects, which takes years to plan, finance and construct. Compared to CPG projects, we provide DPG stations with "F-A-C-T" benefits:

(i) "F" — Fast Track — Our customers typically require us to deliver power within twelve months of receiving the LOA and our role is confirmed, compared to CPG projects, which could take years to complete the planning, environmental impact assessment, financing, infrastructure upgrades and project construction stages before commencing commercial operations, according to Frost & Sullivan.

(ii) "A" — Adaptable — Our PGSs are adaptable and can be easily deployed to most locations, including remote areas with difficulty accessing the national grid, due to their modular design. The PGSs are designed to be "plug-and-play" for easy transportation, storage, installation and decommissioning, which allows DPG stations to be easily scaled up or down by adding or removing PGSs according to demand. Our DPG stations installed with ISO-containerized PGSs can be decommissioned and, along with our modular substations and transformers, removed from a site within days by simply disconnecting the various cable connection points, disposing the used cables and loading the PGSs onto regular flat-bed trucks, without the need of using special equipment.

(iii) "C" — Cost Effective — Our PGSs require much smaller upfront costs compared to CPG projects. As a result of their high fuel efficiency, our PGSs have relatively low operating costs. In addition, we continuously optimize our global operations and maintenance organization to maintain a low cost of operation and maintenance. We also benefited from our strategic relationship with MTU, resulting in cost-effective parts supply and engine servicing arrangements.

(iv) "T" — Technologically Advanced — Our modular gas PGSs have some of the highest fuel efficiencies in the industry, as of December 31, 2015, according to Frost & Sullivan, and are compact in size and can be further optimized for a wide range of applications.

In addition, the IBO business model provides us with distinctive advantages:

- ***Fixed-term contractually committed revenues*** — We generally enter into two- to five-year operating agreements for our IBO projects, which typically incorporate either take-or-pay

obligations or capacity-based provisions. The agreements normally contain a take-or-pay obligation, which requires a minimum guaranteed off-take amount by the off-taker. The ultimate off-takers are government-owned utility companies or power authorities. For projects that require continuous power generation, the off-takers pay a fixed rate per kWh of electricity generated. For projects that require non-continuous power generation, the off-takers pay a fixed dollar amount per month to reserve a minimum power generation capacity available for use at all times, and a fixed rate per kWh electricity generated to meet demand.

- ***High renewal rates —*** Renewal rates for agreements in the fast-track utility-grade DPG industry have been historically high, according to Frost & Sullivan. For our Teluk Lembu I project, we have successfully renewed the operating agreement three times from an initial term of four months to a cumulative term of 52 months. In April 2016, the contract was extended for 12 months. For our Pagla project in Bangladesh, we assisted our intermediate off-taker in renewing its contract with BPDB for another five years, by taking up the obligation to operate and maintain the DPG station upon the expiry of the intermediate off-taker's existing operating agreement. Our contract renewal rate during the Track Record Period was 78.3% by contract capacity for contracts that were set to expire during the Track Record Period. The only contract that was not renewed was related to a prior diesel-fired DPG station in Kalimantan, where the ultimate off-taker, PLN, was seeking to replace the diesel-fired DPG station with a gas-fired DPG station. In this case, we sought to re-deploy the PGSs for other uses. For our existing operating agreements that are due to expire in 2016 and 2017, if we intend to seek renewal, we will begin negotiating with the relevant intermediate or ultimate off-takers, as the case may be, approximately two to three months prior to the expiry date of the operating agreements. We believe we will be able to renew our operating agreements, as we operate in markets with severe power shortages.

- ***Redeployable assets —*** Generally, if and when necessary, we can remove our PGSs from our DPG stations at the expiry of a contract or as a result of material breaches by the off-taker and redeploy them to new sites, subject to obtaining necessary consents. As such, this reduces our reliance on any given contract or counterparty. For an example of where we redeployed our PGSs, see "— Illustrative DPG Station Case Studies — Indonesia — Teluk Lembu I."

- ***Minimal fuel and land risks —*** Our IBO business agreements have also been structured to reduce operational and financial risks. We do not directly incur fuel costs, since the ultimate off-taker, or in the case of Ghana, the intermediate off-taker, has the obligation to supply fuel at its own cost to our DPG stations in all of our existing and contracted IBO business projects. In addition, off-takers typically provide land for the project site. Thus, our costs are not directly affected by fluctuations in the supply or price of fuel or land. These arrangements also increase the cost of default by the off-takers, thereby, reducing counterparty default risk.

**Our Operating Agreements**

For our IBO business, we generally enter into operating agreements with intermediate off-takers or ultimate off-takers that are utility companies through our Hong Kong or Singapore subsidiaries. For example, contracts in relation to the business in Myanmar are entered into through our Singapore subsidiary. We chose to establish a Singapore subsidiary to open accounts with Singapore banks as, from our experience, Singapore banks have more experience working with Myanmar as compared to Hong Kong banks.

We participate in government driven utility-grade projects. Most of our contracts with local government utilities entities include waivers of sovereign immunity. We cooperate with established

intermediate off-takers where necessary to meet local regulatory and financial requirements prescribed by relevant government authorities. We choose our intermediate off-takers based on their knowledge of the local energy market, their access to business opportunities, their project execution capabilities, their compliance with local regulatory requirements and their financial capabilities.

We have entered into various fixed term operating agreements with our IBO customers. Most of the operating agreements are for a two- to five-year term. We received payment with reference to the contracted electricity generated and the contracted capacity made available. The fees usually comprise a minimum contract amount of power off-take calculated on the basis of the electricity generated by the DPG stations or a fixed monthly payment plus a variable component based on the actual units of electricity generated. The price is fixed either in local currency or U.S. dollars and the payments are made by the intermediate off-takers or ultimate off-taker directly. Our DPG stations are installed with meters which periodically record the DPG station's energy output and capacity. Monthly invoices are typically issued to the ultimate off-taker with reference to the measurements recorded. For our operating agreements for our DPG stations in Myanmar, in addition to the reading of meters, we are required to provide daily dispatch instructions to EPGE, including the capacity that we are able to make available to them 24 hours ahead of time. EPGE then pays us on a monthly basis according to the capacity that we have made available to them in a given monthly period, under the dispatch instructions. For contracts signed with IBO off-takers in a new entry market, we normally require payment guarantees ranging from three to six months of the contractual payments in advance. To determine the amount of payment guarantee, we take into account a cost estimation of mobilization and demobilization of the relevant equipment and an interest cost of three months based on the total investment of the relevant equipment. If the ordered equipment for a particular project is not being put into use, it can be redeployed to our other projects within a reasonable period of time.

In Indonesia, our intermediate off-takers are responsible for complying with the particular local requirements under PLN's tenders. In particular, the intermediate off-takers are responsible for providing financial assurance to qualify for PLN contracts, responding to bids with tender bonds via a consortium which they lead, issuing performance bonds for the projects and obtaining all the necessary consents, approvals, licenses, permits and/or registration to import the gen-sets and for the operation of the DPG stations. The intermediate off-takers are also responsible for transportation of the equipment to the relevant location of the DPG stations designated by PLN. PLN will typically make monthly payments into a designated account controlled by the intermediate off-taker, the financing bank and us. The intermediate off-taker will then remit payment to us after receiving payments from PLN in accordance with the operating agreements which we entered into with such intermediate off-taker. Our operating agreement contains customary grounds for termination, including, failure by the intermediate off-taker to perform obligations under the agreement, failure of PLN to deposit on time its monthly payments into the designated account, failure of the intermediate off-takers or PLN to perform their obligations under the PPA, the occurrence of circumstances outside our control that renders it impossible or impracticable for the operating agreement to continue to take effect or prevent us from observing and performing any obligation under the operating agreement, the intermediate off-taker enters into compulsory or involuntary liquidation, and the consortium is dissolved. For more detail on our work with our intermediate off-takers in Indonesia, see "— Illustrative DPG Station Case Studies — Indonesia — Teluk Lembu I" and see "— Illustrative DPG Station Case Studies — Indonesia — Teluk Lembu II." In Indonesia, we have transferred title of the key equipment assets employed in two DPG stations with net book value amounting to approximately HK$434.4 million as of May 31, 2016 to the intermediate off-taker for bank financing purposes so that the intermediate off-taker, an Indonesian company, may register the key equipment assets of the DPG stations as fiduciary security for the loan. Under Indonesian laws, the fiduciary security needs to be registered at the domicile of the fiduciary grantor, and therefore in practice, only an entity or individual

domiciled in Indonesia who owns the assets may utilize such key equipment assets of the DPG stations as security for loans. As part of the transaction, the intermediate off-taker agrees for the key equipment assets to be deployed for use at the DPG station at all times and not to sell any of key equipment assets. We also retain the unconditional right to re-purchase the key equipment assets at zero cost. As such, we do not believe that the transfer of title would have an impact on our financial results and continue to record these as our assets in the financial statements according to accounting principles generally accepted in Hong Kong. For information relating to the associated risk, refer to "Risk Factors — Risk Related to Our Business and Industry — Our secured bank loan facilities and finance lease arrangements restrict our ability to exercise full ownership rights over certain of our DPG stations, and would subject us to penalties if we defaulted."

In Bangladesh, we work with our intermediate off-taker and own the DPG station. The DPG station in Bangladesh is a diesel-fired DPG station used for peak shaving. We are required to ensure certain minimum capacity availability at all time in exchange for fixed monthly payments. We are also required to generate power upon request by the dispatching center of the BPDB and receive a variable fee for actual kWh generated. We enter into agreements with our intermediate off-taker with reference to its obligations to BPDB, the ultimate power off-taker of our DPG station in Bangladesh. Our intermediate off-taker provides the land for the DPG station and is responsible for securing all necessary consents, approvals, licenses, permits and/or registration to import the gen-sets and for the operation of the DPG station. Our intermediate off-taker receives monthly payments from BPDB and remits the payments to us. Our operating agreement contains customary grounds for termination, including failure to make payments to us, the existence of other material breaches and failure on the part of the intermediate off-taker to facilitate operation of the DPG station. For more detail on our work with our intermediate off-takers in Bangladesh, see "— Illustrative DPG Station Case Studies — Bangladesh — Pagla."

In Myanmar, we contract directly with the state-owned utilities company, EPGE, by entering into agreements for the rental of three DPG stations. Under the operating agreements, we are responsible for supplying contract capacity, as well as building a 230kV power substation for EPGE. Under the operating agreements, EPGE is obligated to off-take all the power generated during certain months of the dry-season of the year in Myanmar and at least 50% of the capacity of the DPG station during other months of the wet-season in Myanmar. Under our operating agreement with EPGE, EPGE pays the fee in US dollars directly into our bank account in accordance with an operating agreement between the two parties. Our operating agreement can be terminated by EPGE if it has performed all its obligations in a timely manner and our PGSs at the DPG station cannot generate electricity as stipulated under the operating agreement. We are entitled to terminate the agreement if EPGE fails to make payments under the agreement in a timely manner. For more detail on our work with our ultimate off-taker in Myanmar, see "— Illustrative DPG Station Case Studies — Myanmar — Kyauk Phyu I and Kyauk Phyu II."

In Ghana, we work with an intermediate off-taker under an equipment leasing and technical service agreement for the Tema Power Plant. The agreement is for a term of five years with an option to renew for an additional five years under the same terms and conditions. Under the operating agreement, we are responsible for supplying gas-fired DPG equipment of 56.2MW of installed capacity to the intermediate off-taker, and testing and commissioning the PGSs after they are imported into Ghana and installed by the intermediate off-taker at the DPG station site. In return for making this minimum level of capacity available, we receive a fixed monthly fee. Due to the market risks, we receive an approximately 25% to 35% higher fee for this agreement than we receive for our other existing DPG stations under capacity-based contracts. The intermediate off-taker is responsible for operating the DPG station as power producer, constructing the required transmission lines and gas pipelines, and supplying fuel. During the term of the operating agreement, we will continue to provide certain ancillary services to the intermediate off-taker in connection

with the repair and maintenance of the DPG station, including the supply of all key spare parts. Under our operating agreement, we are entitled to terminate the agreement if the license held by the intermediate off-taker for the sale and distribution of electricity or any other activities under the operating agreement are suspended or revoked, the intermediate off-taker fails to comply with Ghanaian laws and regulations, the underlying PPA is terminated or otherwise becomes unenforceable, the intermediate off-taker becomes insolvent, the intermediate off-taker fails to perform any of its obligations under the operating agreement, gas fuel and other essential materials for the operation of the DPG station and the relevant facilities ceases to be available to the intermediate off-taker or cease to be stable and consistent in supply to the PGSs, or any warranty given by the intermediate off-taker becomes inaccurate or untrue. If the agreement is terminated (except due to default by us), the intermediate off-taker remains obligated to pay for the fee for the entire five year term. The DPG station is scheduled to be commissioned in December 2016. As of the Latest Practicable Date the intermediate off-taker is in the process of negotiating the PPA with the ultimate off-taker. See "Risk Factors — We utilize intermediate off-takers for our DPG stations and the deterioration of such relationships may materially and adversely affect our business."

**Customers**

The major customers of our IBO business are off-takers. All of our ultimate off-takers are public utility companies. Many of our IBO customers were referred to us through our SI business and the sales and commercial networks of our strategic partners, including MTU, CRRC and CNTIC. For example, we began our SI business in Indonesia in 2009. In 2012, through referrals by industry sources established through our SI business, we began our IBO business by collaborating with a qualified intermediate off-taker to PLN.

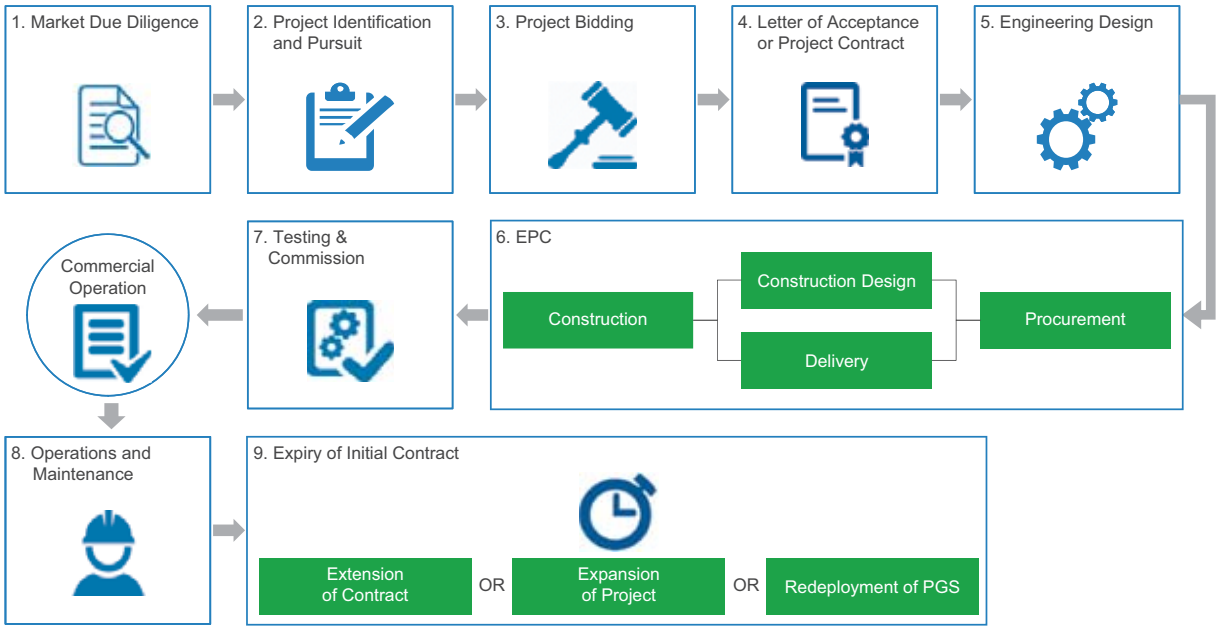
The ultimate off-takers primarily utilize our DPG stations for continuous operating power. They may also utilize the DPG station to act as peak shaver to support the peak demand, or to balance and stabilize the intake of the national grid in case their ordinary power source fails. We believe the default risk of these off-takers is relatively low, since there are significant power shortages in these countries and funding for our projects have typically been approved and awarded by the relevant government department.

Since the commencement of our IBO business, for contracts with intermediate off-takers, we have not encountered any delay in payment of receivables in excess of six months from the date of payment by the ultimate off-taker. For our contracts with ultimate off-takers, we have also not encountered any delay in payment of receivables in excess of six months. For new customers in a new market, we normally require payment guarantees or letters of credit ranging from three to six months of the contractual payments in advance. We experienced negligible bad debt during the Track Record Period and these bad debts were related to our SI business.

Our fee under our operating agreements is primarily determined based on a number of factors, including project development cost, duration of contract, types of PGSs and the related project investment and O&M cost, locality of project and the related local competitive environment, country risk, political risk and currency risk, counter-party risks such as credit rating of the off-takers, and financing costs. As such, we typically charge a higher fee in Africa as compared to Southeast Asia.

## DPG Station Development Process

The following flow chart indicates our project development process under our IBO business.




### *Market Due Diligence*

We conduct extensive market due diligence to assess each potential new market, typically taking into account factors such as (i) the dynamics of the power market and IBO project operating environment, (ii) the political, legal and regulatory environment, particularly with respect to contract enforcement, compliance risk, currency exchange and remittance controls, and overall legal protection for foreign investors, and (iii) the business environment, including local business practices.

In our market assessment process, we typically leverage the local connections and expertise of parties with whom we would plan to cooperate, including our prospective co-developer(s), our prospective off-takers, and in some cases even our prospective EPC contractor and EPC sub-contractor(s). Where practicable, we also visit relevant local government authorities, local Chinese government and trade representatives, banks and other professional parties as part of our initial market due diligence.

### *Project Identification and Pursuit*

Once we complete the due diligence process for a particular new market, our business development team would be authorized to proceed with identifying and pursuing the project, by tapping on the market networks of our SI business and our business partners, vendors and suppliers. This process would focus on assessing the viability of the potential projects identified, both legally and commercially.

We seek to understand specific risks in relation to a given project, including factors such as (i) the underlying implementation and operating risks, (ii) potential risks in relation to the contractual framework, including counterparty credit risk and currency risk, (iii) the general environmental and social implications of the location of the project, and (iv) the compatibility of the project with our mid- and long-term strategy and budget. At this stage, we also assess how these risks can be best mitigated, including through contract structuring, corporate structuring and collaboration with co-developers and off-takers.

At this stage, we also formulate initial cost and time estimates for project identification, development, pursuit and execution. We report our findings to the business development team and the finance and legal team would report the findings to our investment committee (consisting of four of our executive Directors), which makes an initial decision on market entry.

***Project Bidding***

As many of our IBO projects are initiated and supported by the relevant local governments, they are mainly released through a bidding process. Our business development team is responsible for monitoring prospective bids that are being released by the relevant local governments. A bid notice, normally published publicly, prescribes the time and manner by which a potential bidder can participate in the bidding process. Our business development team relies on the local network of our SI business, our IBO operations, and our business partners to monitor bid notices. Our business development team also regularly meets with local business contacts and local government representatives to understand the general viability and timing of any potential bid in a particular year, so we may participate in bids directly or indirectly through an intermediate off-taker.

Once the bid process starts, our project team starts the bid preparation process, in conjunction with our co-developers and intermediate off-takers, where relevant. We assess project strategy and establish the project structure. We then finalize the technical proposal and project documentation and formalize collaborative arrangements with our co-developers or intermediate off-takers. Our technical proposal will seek to accommodate the off-taker's technical requirements, including fuel type availability and quality at the DPG station site, fuel efficiency, market availability of engines, power output and emissions while balancing cost in choosing the type of engines and other components for the DPG station. We will also discuss our technical proposal with our project co-developer and EPC contractor.

At this stage, we negotiate and obtain indicative key terms with our EPC contractor for the project, and cost and time estimates on critical path items are finalized and reconciled with our return requirements in order to determine the bid price and other key bid parameters. Often at this stage, our EPC contractor negotiates and obtains indicative terms with EPC sub-contractors as well. The final bid package is then submitted to the tenderer. Sometimes, a bid bond is required by the tenderer, which can be provided by either us and/or by our intermediate off-takers, and/or by our co-developers, depending on our specific arrangements.

We believe a variety of factors are typically involved in winning a tender, including system design and performance choice of technology, bidding offer price, relevant prior project experience, capacity of PGSs, financial standing and reputation of co-developers, and willingness to provide a letter of confirmation of availability. Under our IBO business, we (together with our intermediate off-takers) won three out of four tenders submitted in the year ended December 31, 2014 and two out of three in the year ended December 31, 2015. We (together with our intermediate off-takers) did not submit any tender in 2013 or the first five months of 2016 under our IBO business.

***Letter of Acceptance or Project Contract***

Final negotiations on the key project documentation commence upon a formal written notification of a successful outcome. The key project documentation includes terms outlining our contract capacity, key fiscal terms (including the fee and its various components), the minimum contract capacity (where relevant), key project milestones and delivery deadlines. In certain cases, a memorandum of understanding or a letter of intent is to be signed between the project developer and the intermediate off-taker to

memorialize such key terms pending the signing of a formal project agreement, or, in the case of a tender, a LoA is to be signed between the winning bidder and the tenderer before entering into the final formal project agreement. In others, the winning bidder and the tenderer negotiate and conclude a written project agreement for the project directly. Our operating agreement with our intermediate off-taker, if any, is also finalized at this stage in conjunction with finalizing terms with the ultimate off-taker.

***Engineering Design***

Our technical team will summarize the final technical proposal with involvement of our project co-developers and produce a preliminary design and preliminary milestone schedule for the DPG station. Then our EPC contractor will finalize the design, calculations and detailed engineering drawings necessary for the construction and installation stage.

***EPC***

The EPC contract is typically entered into after the completion of the engineering design on a fixed-date, time-certain turnkey basis. The EPC contract typically provides for only limited price adjustments. Procurement and delivery of key components of the DPG stations, detailed project construction design and the actual construction works are undertaken by the EPC contractor, under the supervision from our engineering team.

The EPC contractor is responsible for procuring PGSs and other equipment and meeting specific technical requirements as set out in the project documentation. Due to our memorandum of understanding of strategic alliance cooperation with MTU, our EPC contractor is able to secure MTU engines on relatively short notice. We have a team of engineers that works with the EPC contractor to optimize the design and construction method of our DPG stations, as well as monitor and inspect the work of the EPC contractor.

Under the terms of the EPC contract, our EPC contractor typically bears all the risks in relation to project construction, including in relation to construction, regulatory aspects, insurance costs, licensing and relevant safety, labor and environmental laws and regulations. We normally require our EPC contractor to obtain contractors' all risk insurance to cover the construction activities of the project, as well as take a variety of measures to protect the surrounding infrastructure and environment from damage during construction.

Construction of our DPG stations is capital intensive. Typically our EPC contracts require a deposit prior to the commencement of EPC work, followed by milestone payments throughout the construction period as well as after the commercial operation date. For more details on the payment arrangements, see "Financial Information — Indebtedness — Project Development and Installment Arrangements and Other Borrowings."

***Testing and Commissioning***

Upon completion of construction of a DPG station, a series of commissioning tests are undertaken, which involve the engine supplier.

To the extent that any defects exist and/or the DPG station does not otherwise comply with the stipulated technical requirements, the EPC contractor will typically be required under the terms of the EPC contract to rectify any such defects or performance shortfalls. If any part of the project fails commissioning tests, we may re-test the project, refuse to accept the project, demand penalty payments from the EPC contractor or deduct the loss from payments due to the EPC contractor under the EPC contract.

On our acceptance of the project, which occurs on the commercial operations date, the EPC contractor will transfer title of the assets employed in the DPG station to us.

***Operations and Maintenance***

We are generally responsible for the operations and maintenance of the DPG stations. In most cases, we subcontract daily operations and routine maintenance functions to local contractors, who are supervised by our own technical team from Hong Kong. Our management monitors the day-to-day operations of our DPG stations through a mobile application from our Hong Kong headquarters supported by a dedicated team in the PRC, providing key real-time operating and performance data for all of our DPG stations. Engineers from our technical team will travel to a designated project site to supervise the local contractors. As part of our responsibility, we implement fuel treatment and management systems in our DPG stations that purify and depressurize gas to prepare for usage in our PGSs. In addition, the stations are guarded at all times and have security fencing and cameras, which we monitor remotely.

The local operation of our gas-fired DPG stations is supported by the global service network of MTU, with which we have entered into a regional service support agreement. Under the agreement, MTU has agreed to train operators of our DPG stations and provide full-time on-site technical personnel during the start-up of operations. Under this agreement MTU would ensure an adequate supply of parts with fixed discounted prices for our DPG stations. These agreements ease the demand on our working capital. For more information on our agreements with MTU, see "— Relationship with MTU and Bergen."

Based on MTU's operating guidelines, a major overhaul is required for MTU gas-fired engines once every 63,000 hours, which is equivalent to approximately eight years, assuming 90% utilization and proper maintenance. MTU recommends replacing the type of MTU gas-fired engines used in our PGS fleet after two major overhauls, equating to a working life expectancy of approximately 25 years. In addition, if a purchaser of MTU engines returns an engine to MTU, MTU will provide a certified remanufactured engine with the same warranty as a new engine at a favorable discounted price.

We maintain high standards when selecting local operation and maintenance subcontractors. We only deal with prominent players in each local power market (i) which are referred by industry contacts, (ii) with whom we have established good working relationships through previous dealings, whether in our SI or IBO segments, (iii) which have repair and maintenance capabilities locally and/or (iv) financial capabilities to perform their contractual obligations.

***Expiry of Initial Contracts***

Prior to the expiration of an initial contract with the ultimate off-takers, we typically seek to extend contract directly or by working with the intermediate off-taker. In some cases, an extension may be negotiated in conjunction with an expansion of the initial DPG station beyond its initial contract capacity. Where this is not possible, such as in the case of Kalimantan where the ultimate off-taker, PLN, was seeking to shift away from diesel-fired DPG, we seek to re-deploy the PGSs for other uses.

**Warranties**

The warranties provided from MTU and Bergen are global and valid for 12 months and 24 months from the commercial operation date, respectively. During the period, MTU and Bergen will replace defective units, except when such defects were obvious and not reported within three days of receipt, where the

relevant manufacturer's procedural requirements and specifications are not observed or where damages are caused by unauthorized workers. MTU and Bergen do not reimburse us for defect-related financial losses or defect-related consequential losses.

**Asset Redeployment**

Our gen-sets and PGSs are capable of being decommissioned and removed upon the expiration of an operating agreement or in response to material breaches by the off-taker using only portable tools and a regular crane, without the need for any special equipment. We work closely with the EPC contractor who installed the DPG station to minimize the time required for decommissioning and dismantling the assets. By way of illustration, it only takes a couple of days to decommission and pack 32 PGSs (i.e. roughly a 49.9MW installed capacity gas-fired DPG station) for shipment. When a new DPG station project is identified, the estimated time for redeployment of the fleet of 32 PGSs from one location to a new location is approximately two months, excluding shipping and relevant customs clearance process time. For a typical DPG station, civil work and installation account for up to approximately 8% of the total investment of our DPG station, depending on whether high-speed engine or medium-speed engine based power is being used, with the remaining investment cost comprising plant, property and equipment, which are largely gen-sets and ancillary equipment, which are redeployable.

**Illustrative DPG Station Case Studies**

***Indonesia***

Indonesia is the largest DPG market in Southeast Asia with 8.6GW capacity in 2015. Since Indonesia is an archipelago with rich natural gas resources, gas-fired DPG is expected to play an important role in addressing the electricity shortage in Indonesia, according to Frost and Sullivan. Gas-fired DPG accounted for 14.4% of total installed capacity in Indonesia in 2015, according to Frost & Sullivan.

*Teluk Lembu I*



Teluk Lembu I — 40-foot ISO container

Our first DPG station in the Indonesia market was Teluk Lembu I, which had an initial installed capacity of 14.0MW under a four-month contract. Before we submitted our bid, we evaluated the project based on Indonesia's DPG market potential, the favorable attributes of the Teluk Lembu I project (including fuel supply, site locations, future expansion and its contract extension potential) and our suppliers' familiarity with, and our execution capabilities in, Indonesia. On December 17, 2012, approximately four months after executing the operating agreement, our Teluk Lembu I power station commenced commercial operations.

Subsequently, the contract has been extended three times, first for 12 months, then 24 months and then 12 months. We have also increased the installed capacity of the station to satisfy the increasing

electricity demand of this DPG station. As of May 31, 2016, the total installed capacity of the project was 20.3MW. In the first quarter of 2016, five decommissioned ISO-containerized PGSs with aggregate capacity of 7.8MW were taken from Teluk Lembu I for redeployment to a new DPG station at Myingyan, Myanmar, which commenced commercial operation in June 2016.

We entered into the operating agreement with the intermediate off-taker with reference to its contract with PLN. The contractual length, operational parameters, fees, structure and other key terms of our operating agreement with the intermediate off-taker closely resemble its operating agreement with PLN. The intermediate off-taker is entitled to a share of revenues, calculated as a percentage of the contract operating income with adjustments for any excesses and shortfalls of electrical energy (kWh) generated and any excess heat rate on a monthly basis.

The following table shows the key details of our Teluk Lembu I project.

| | **Initial** | **As of the Latest Practicable Date** |
|---|---|---|
| Contract capacity | 12.0MW | 12.0MW |
| Installed capacity | 14.0MW | 20.3MW |
| Project type | Continuous operation | Continuous operation |
| Engine type | MTU high-speed gas-fired engines | MTU high-speed gas-fired engines |
| Fuel type | Pipeline Natural Gas | Pipeline Natural Gas |
| Counterparty | Intermediate off-taker | Intermediate off-taker |
| Ultimate off-taker | PLN | PLN |
| Commercial operation date | December 17, 2012 | December 17, 2012 |
| Contract length | 4 months | 52 months (accumulated) |
| Payment terms | Currency: IDR | Currency: IDR |

*Teluk Lembu II*



Teluk Lembu II — PGS with medium-speed gas-fired engines



Teluk Lembu II — Power house

Teluk Lembu II is our first DPG station utilizing medium-speed gas-fired engines. It is located within the PLN North Sumatera Power Plant at Pekanbaru, Teluk Lembu, Indonesia, and has a 60-month contract. This was the first and largest gas-fired engine-based DPG station within the PLN North Sumatera Power Plant. The operating agreement we entered into with the intermediate off-taker contains terms similar to those found in the operating agreement for Teluk Lembu II.

The following table shows the key details of our Teluk Lembu II project.

| | Initial Capacity and as of the Latest Practicable Date |
|---|---|
| Contract capacity | 50.0MW |
| Installed capacity | 65.8MW |
| Project type | Continuous operation |
| Engine type | Bergen medium-speed gas-fired engines |
| Fuel type | Pipeline Natural Gas |
| Counterparty | Intermediate off-taker |
| Ultimate off-taker | PLN |
| Contract length | 60 months |
| Payment terms | Currency: IDR |

***Myanmar***

Myanmar is one of the most underdeveloped power markets, a leading producer of natural gas in Southeast Asia and the fastest growing market in Southeast Asia for gas-fired DPG, according to Frost & Sullivan.

*Kyauk Phyu I and Kyauk Phyu II*



Kyauk Phyu I and Kyauk Phyu II

Our first DPG station in the Myanmar market was Kyauk Phyu I, which had an installed capacity of 49.9MW. Kyauk Phyu I is in a remote location with significant power shortages, but the Myanmar Oil and Gas Enterprise has a pipeline to provide gas to Kyauk Phyu. We evaluated the project based on Myanmar's DPG market potential, the favorable attributes of the Kyauk Phyu I project (including its local fuel supply, site location and its future expansion potential) and suppliers' familiarity with, and execution capabilities in, the Myanmar power market before submitting a bid on August 1, 2014.



Kyauk Phyu I — 40-foot containerized PGS

We signed the LoA with EPGE on October 7, 2014, and on March 18, 2015, we commenced commercial operation of Kyauk Phyu I, including a 230kV power substation built from "plug-and-play" modules.

Under the 20-month agreement that we directly entered into with EPGE is obligated to off-take 100% of all contract capacity during the seven-month dry season and at least 50% of contract capacity during the five-month wet season. The unit price of power during the wet season is higher than during the dry season. During our Track Record Period, EPGE off-took an average of 60% of contract capacity during the wet season.



Kyauk Phyu II — 20-foot containerized PGS

EPGE invited us to participate in another bid for a DPG station with an installed capacity of 49.9MW in Myanmar, Kyauk Phyu II, which would be adjacent to Kyauk Phyu I. We submitted a bid on October 1, 2015 and approximately three months after entering into the LoA on December 3, 2015, we commenced operation of Kyauk Phyu II on March 31, 2016.

In Kyauk Phyu II, we deployed 20-foot ISO-containerized PGSs (1.56MW per unit), which involve substantially lower transportation costs and require less land space than the 40-foot ISO-containerized PGSs (1.56MW per unit) we deployed in Kyauk Phyu I. We also constructed a mobile workshop at the power station to facilitate on-site component overhauls. Given its proximity to Kyauk Phyu I, our workshop can maintain both projects.

The following table shows the key details of our Kyauk Phyu I and Kyauk Phyu II projects.

| | Kyauk Phyu I | Kyauk Phyu II |
|---|---|---|
| | Initial Capacity and as of the Latest Practicable Date | |
| Contract capacity | 45.0MW(1) | 45.0MW(1) |
| Installed capacity | 49.9MW | 49.9MW |
| Project type | Continuous operation | Continuous operation |
| PGS type | 40-foot ISO-containerized | 20-foot ISO-containerized |
| Engine type | MTU high-speed gas-fired engines | MTU high-speed gas-fired engines |
| Fuel type | Pipeline Natural gas | Pipeline Natural gas |
| Off-taker and fuel supplier | EPGE | EPGE |
| Contract length | 20 months | 60 months |
| Payment terms | Currency: US$ | Currency: US$ |

Note:

(1) Subject to season minimum offtake capacity:

- Dry from December to June = 45,000kW
- Wet from July to November = 22,500kW

***Bangladesh***

According to Frost & Sullivan, Bangladesh's electrification rate was at 68.0% in 2014 and was the second lowest electrification rate in Southeast Asia after Myanmar. DPG accounted for 21.4% of total installed capacity of the country in 2014, according to Frost & Sullivan.

*Pagla*



Pagla — 20- and 40-foot ISO containers (panoramic)

Pagla is our only peak-shaving DPG station and is currently our only diesel-fired DPG station. Instead of operating continuously, a peak-shaving station operates only at certain hours of the day when demand for power exceeds the supply of power from nearby load centers. The Pagla station is located near a river pier, where it receives diesel fuel deliveries, and generally operates from the late afternoon to the early evening.

In November 2013, the three-year operating agreement between BPDB and the intermediate off-taker was scheduled to expire, but BPDB expressed to the intermediate off-taker its desire to extend the contract with the intermediate off-taker for another five years. MTU had acquired the power equipment employed at the Pagla station as part of an acquisition of another manufacturing company in 2012, which had just started to build and operate the station in Pagla. MTU had no interest in renewing its intermediate operating agreement with the intermediate off-taker and approached us to inquire if we may be interested in negotiating and entering into an operating agreement with the intermediate off-taker to support its pursuit of an extension of its PPA with the ultimate off-taker BPDB. Consequently, we negotiated with the

intermediate off-taker on the terms of the operating agreement and with MTU for the purchase of used power equipment already employed at the Pagla station. MTU informed us that it currently neither specializes in nor has any strategic interest in owning or operating DPG stations and also informed us that it is not currently building, owning, leasing or operating any DPG station that would compete with our IBO business. Upon the original contract's expiry, we began to operate the DPG station and supply electricity to the intermediate off-taker. We entered into an operating agreement with the intermediate off-taker to operate the DPG station taking retroactive effect from November 24, 2013 until November 23, 2018. With our commitment, the intermediate off-taker finalized and entered into its formal five-year extension contract with BPDB on June 10, 2014 with retroactive effect from November 24, 2013. We improved the fuel efficiency and power station design to better suit the climate conditions of the DPG station and installed new ISO-containerized PGSs to replace the original soundproof canopy PGSs. Just three months after the BPDB-intermediate off-taker contract extension was executed, on September 15, 2014, the DPG station commenced commercial operations with our newly installed ISO-containerized PGSs.

We entered the contract with the intermediate off-taker with reference to its contract with BPDB. The contractual length, operational parameters, fees, structure and other key terms of our operating agreement with the intermediate off-taker closely resemble their operating agreement with BPDB. After the intermediate off-taker receives monthly contract operating income payment from BPDB into a designated bank account, the intermediate off-taker deducts its administrative and service fees and pays us the remaining balance net of our tax obligation.

The following table shows the key details of our Pagla DPG station project.

| | **Initial Capacity and as of the Latest Practicable Date** |
|---|---|
| Contract capacity | 50.0MW |
| Installed capacity | 58.8MW |
| Project type | Peak-shaving |
| Engine type | MTU high-speed diesel-fired engines |
| Fuel type | Diesel |
| Counterparty | Intermediate off-taker |
| Ultimate off-taker | BPDB |
| Contract length | 60 months |
| Payment terms | Currency: US$ |

**RELATIONSHIP WITH MTU AND BERGEN**

We are a global strategic partner of MTU and Bergen. Since 2008, we have been purchasing engines from MTU for our SI business and have continued to purchase engines, parts and services directly from MTU. MTU is a globally recognized, leading high-speed engine manufacturer with over 100 years of experience in engine production. During 2013, 2014 and 2015 and the five months ended May 31, 2016, we purchased an aggregate of HK$285.2 million, HK$401.4 million, HK$410.8 million and HK$222.9 million of MTU engines, both directly from MTU and through our cooperative procurement arrangement with CRRC as described below, accounting for 58.6%, 57.1%, 39.0% and 59.1% of our total purchases for 2013, 2014 and 2015 and the five months ended May 31, 2016, respectively. For more information on our relationship with MTU for our SI business, please refer to "— SI Business — Our Major Suppliers and Component Manufacturers — MTU." For risks associated with our relationship with MTU, please refer to "Risk Factors — Risks related to our business and industry — We use engines manufactured by a limited number of manufacturers for our gen-sets, PGSs and DPG stations."

We are a global strategic partner of MTU under our IBO business for the co-development of DPG stations in order to meet the needs of the growing DPG industry in emerging markets and elsewhere. As of the Latest Practicable Date, in terms of installed capacity, 75.9% and 24.1% of our DPG stations under our IBO business utilized MTU and Bergen engines, respectively. For risks associated with our relationship with MTU, please refer to "Risk Factors — Risks Related to Our Business and Industry — We use engines manufactured by a limited number of manufacturers for our gen-sets, PGSs and DPG stations."

We have entered into a wide range of memoranda of understanding and strategic agreements with MTU and Bergen for both our SI and IBO business:

***Memoranda and Agreements with MTU***

*Natural gas and biogas markets*. As a testament to our long-standing relationship in the SI business, in February 2015, we entered into a strategic alliance agreement with MTU to co-develop the natural gas and biogas markets by expanding the use of natural-gas- and biogas-fired gen-sets manufactured by MTU in a number of countries and regions, including China, Singapore, Hong Kong, Macau, Indonesia, Myanmar and Bangladesh, for a term of five years. Pursuant to the strategic agreement, we may purchase MTU natural-gas-, biogas- and diesel-fired engines directly from MTU for integration into gen-sets and PGSs sold into the specified regions, rather than through MTU's sales network of distributors and agents. Under the agreement, we plan to cooperate over a wide range of applications addressing the needs of a variety of customers, provide our estimated production requirements to MTU up to 2018, which allows us to coordinate our inventory, and have agreed to establish a project team with MTU for co-marketing, information sharing, training and support.

*DPG station project*. In March 2014, we entered into a memorandum of understanding of strategic alliance cooperation agreement with MTU relating to our DPG projects in emerging markets for a term of three years. The memorandum of understanding is automatically renewable for successive one year periods unless written notice of termination is given at least 30 days prior to the date of expiration. Under this memorandum of understanding, we can secure production capacity for MTU gas-fired, diesel-fired and HFO-fired engines and spare parts for our DPG stations directly with MTU. The agreement also allows us to conduct transactions directly with MTU, without the constraints of MTU's distribution sales network, which include geographical distribution and policy constraints, imposed by MTU's distributors and agents. Without these constraints, we can purchase engines and parts and seek maintenance services directly from MTU without having to negotiate different terms with different distributors in different designated sales regions, thereby significantly reducing our time and costs and enhancing our business efficiency and flexibility. This strategic relationship allows any project developer or EPC contractor or sub-contractor for our DPG stations, including CRRC and CNTIC, to secure MTU engines on relatively short notice, ensuring our ability to compete in the fast-track utility-grade DPG market, where DPG stations require completion in as short as two to twelve months. Furthermore, under this memorandum of understanding, MTU will provide standardized pricing and sourcing of its products and spare parts, quality service personnel and parts or tools. MTU will also provide regular technical information and updates to us and ensure high-quality training and genuine parts/services to support our DPG stations. MTU will also commit to organizing periodic product training for our staff. Under the memorandum of understanding, we commit to providing sales forecast of MTU products in each of the countries our DPG stations operate. We advise MTU of all potential business prospects related to our IBO business on a regular basis, actively promote the use of MTU products to the relevant off-taker, project developer and EPC contractor and sub-contractor and keep MTU up to date regarding new policies, planning, and prospective business opportunities of the off-takers.

*Service support*. In January 2016, we entered into a regional service support agreement with MTU for a term of three years. We have an option to renew for an additional three years, on the same terms and

conditions, upon serving a written confirmation of extension to MTU one month prior to the expiry of original term. Under this agreement, MTU commits to providing us with dedicated support from MTU's global network for its engines, spare parts and after-sale services for our DPG stations in Asia, in particular, Indonesia, Bangladesh, Myanmar, Africa and the Middle East. Under this agreement, MTU provides us with a discount on parts, tools and coolant purchased directly from MTU and fixes any air freight charges or emergency order surcharges in connection with our orders. In turn, we commit to purchasing a minimum dollar amount of spare parts. Under the agreement, MTU also commits to providing us with adequate stock availability for parts for certain types of our engines for a term of six years and, if the engines are discontinued, for a minimum term of ten years from the year of discontinuation. Separately, the agreement also fixes the rates at which we pay for service support at our DPG stations located in Indonesia, Bangladesh and Myanmar. Under this agreement, MTU provides us with 60 days credit terms for both services and parts, up to a dollar amount, purchased under the agreement. This agreement allows us to secure support from MTU's global support network and reduces our on-going maintenance cost of our DPG stations.

***Memorandum of Understanding with Bergen relating to Indonesia***

We are also a strategic partner of Bergen. In September 2014, we entered into a memorandum of understanding to work with Bergen exclusively to develop gas-fired DPG stations for PLN in Indonesia using Bergen medium-speed engines for a term of two years. For further details, see "— IBO Business — Illustrative DPG Station Case Studies — Indonesia — Teluk Lembu II". In turn, we agree to work exclusively with Bergen for all gas-fired DPG projects using medium-speed engines for PLN in Indonesia. Bergen agrees to provide us with technical support on all aspects of our bid submission for the PLN gas-fired power station rental/leasing program. Bergen also agrees to offer us competitive pricing for its products within its general price guidelines for such PLN projects. As of the Latest Practicable Date, we are in the process of negotiating an extension of the memorandum of understanding with Bergen.

We purchased HK$1.6 million and HK$13.6 million of parts directly from Bergen in 2015 and for the first five months of 2016 for our IBO business, respectively. We did not make any purchases of parts from Bergen in 2013 and 2014.

**RELATIONSHIP WITH CRRC**

We have collaborations with CRRC under both our SI and IBO businesses.

Our relationship with CRRC can be traced back to 2005 when we supplied gen-sets and PGS components for the supply of electricity to passenger wagons to CSR Corporation Limited (the then group member of the CRRC group) for their Qinghai-Tibet Plateau Railway. In 2013, when we became aware of CRRC's regular purchases of MTU engines, in particular Series 4000 engines, we started a cooperative procurement arrangement with CRRC to procure such series of MTU engines for expediency as we can save some time, resources and effort from price negotiation under such arrangement. We also purchase engines manufactured by another engine supplier from CRRC. According to CRRC, it is an important customer of MTU and of the other engine supplier and makes regular sizable purchases of engines from them and CRRC enjoys stronger price bargaining power by combining orders. Based on our estimation using information available to us, during the Track Record Period, the maximum pricing difference between the engines we purchase through CRRC under the procurement arrangement and directly from MTU and another engine supplier were no more than 2.0% and 2.2%, respectively. As an illustration, if prices of MTU engines and engines from the other supplier were to increase by 2.0% and 2.2%, respectively, in the three years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2016, our gross profit margin would hypothetically be reduced by approximately 1.05%, 0.87%, 0.77% and 0.83% for the relevant year or

period, respectively. Nevertheless, despite such cooperative procurement arrangement, we remain in direct liaison with MTU for technical aspects of the engines we have ordered and the specifications of the products we require, as well as for all on-going technical support and after-sale services for expediency. Our Directors are of the view that there would not be a material impact on our business should CRRC terminates its procurement arrangement with us. For more details, please refer to " — SI Business — Our Major Suppliers and Component Manufacturers". For risks associated with this arrangement, please refer to "Risk Factors — Risk Related to Our Business and Industry — We primarily obtain engines through CRRC for our SI business". As CRRC is primarily a manufacturer of railway rolling stock and that, other than the procurement arrangement with CRRC, CRRC is not otherwise involved with our SI business and does not engage in gen-set and PGS system integration, therefore, CRRC does not compete with us in our SI business.

As we expanded into our IBO business in 2007, we accumulated extensive experience in the development and operation of DPG stations, in particular in Southeast Asia. As an extension of our on-going relationship with CRRC in our SI business, we introduced CRRC into the field of co-developing DPG stations, leveraging, in particular, CRRC's local knowledge in the countries in which we develop DPG stations. Recognizing our stable and successful operations in our SI business and our successful development of two DPG stations in Indonesia without the involvement of CRRC, CRRC agreed to cooperate with us in our IBO business. Currently, CRRC is our primary project co-developer for our DPG stations and allows us to make milestone payments for our DPG stations. However, in its role as project co-developer, CRRC is not involved in any tender process and its name is not mentioned in any of the bidding documentation we submit as part of our bids. We have worked with CNTIC since 2010, and CNTIC was our EPC contractor for the first time for our Teluk Lembu II DPG station.

In 2014, CRRC began to work as our project co-developer, with CNTIC acting as an EPC sub-contractor to CRRC. In April 2015, we decided to formalize our arrangement with CRRC and CNTIC and entered into a power project co-development agreement with CRRC and CNTIC for the co-development and construction of gas-fired, diesel-fired and HFO-fired DPG stations and other electricity infrastructure projects in the countries covered under the Belt and Road Initiative, including Indonesia, Myanmar and Bangladesh, as well as other countries in Africa and Latin America. Under this agreement, CRRC is responsible for co-developing the IBO projects and constructing the DPG stations, CNTIC as EPC sub-contractor to CRRC constructs the DPG stations and we are responsible for the investment, operation and technical aspects for both the development of the IBO projects and construction of the DPG stations. We work closely with both CRRC and CNTIC throughout the entire project development and execution process. CNTIC delivers the DPG station to CRRC as its subcontractor, which delivers the DPG station to us as the project co-developer. Due to our technical expertise, our engineers work closely with CNTIC to optimize the design and supervise the construction of our DPG stations. CRRC delivers a fully constructed DPG station to us at the date of commercial operation. This agreement provides a framework for the future collaboration among the three parties. It defines our respective work scope and sets forth expectations, allowing us to execute our IBO projects on an expedited basis by leveraging CRRC's extensive local connections, which allows it to manage project construction effectively, and local experience in managing and coordinating local subcontractors in emerging markets, in particular those covered by the Belt and Road Initiative, for construction projects. This arrangement is mutually beneficial to CRRC and us as it enables us to focus on pursuing possible off-takers for new DPG stations, while delegating the co-development and construction of our DPG stations to CRRC. CRRC, under the supervision of our engineering team, is responsible for the procurement and management of key components for our DPG stations, detailed project construction design and the actual construction works. CRRC subcontracts most of these functions to CNTIC, while monitoring and managing the project overall. As of the Latest Practicable Date, we have successfully undertaken construction of five projects under this co-development agreement, with a total installed capacity of 362.2MW, being the Jambi project in Indonesia, the Kyauk Phyu I project, Kyauk Phyu II project, and Myingyan project in Myanmar and our Ghana project.

This agreement is for a period of five years and will expire in December 2020. The agreement will be renewed upon expiration for a term to be agreed unless a party objects. The agreement may be terminated at any time through written agreement by all parties. For risks associated with this arrangement, please refer to "Risk Factors — Risk Related to Our Business and Industry — CRRC is the primary project co-developer for DPG stations of our IBO business." Although CRRC is our project co-developer for our DPG stations, CRRC is responsible for coordinating with the EPC contractor for the DPG station to be constructed and providing us with the flexibility to pay for the DPG stations in installments, but it does not contribute any technical expertise or operational know-how. We continue to supervise the construction of the DPG station, contribute our technical expertise and own and operate the DPG stations. Therefore, CRRC does not compete with us in our IBO business.

We believe that CRRC will continue to treat us as the most preferred partner in the development of DPG stations for so long as we continue to be a significant player in the private gas-fired engine-based DPG sector in Southeast Asia. We understand that our technical expertise, market intelligence and successful track record in developing DPG stations both on our own and with CRRC and CNTIC are significant factors behind CRRC's motivation to team up with us, along with its stable and longstanding relationship with us; therefore, we believe CRRC would have little incentive to cooperate with any other owner or operator of DPG stations. Furthermore, as CRRC is primarily a rolling stock company, we believe CRRC does not intend to invest in and/or operate DPG stations, as it is not its core business. According to our knowledge, besides us, CRRC has not cooperated with any other co-developer in the development of DPG stations.

In 2015, CRRC became one of our shareholders. For more information, please refer to "History, Reorganization and Corporation Structure — Introduction of Investors — CRRC". Upon the completion of the Global Offering, CRRC will hold 3.00% of the enlarged issue share capital of our Company (without taking into account any Shares which may be issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme).

**SUBCONTRACTORS**

Other than CRRC and CNTIC, we engage subcontractors for various functions, primarily for the purposes of assisting in the daily operation and routine maintenance of our DPG stations. For the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2016, we paid approximately HK$4.2 million, HK$23.2 million, HK$26.2 million and HK$14.7 million, respectively, to subcontractors with whom we have a stable relationship of cooperation. We typically choose our subcontractors based on several factors, including price, accessibility to local resources and workers, financial standing and reputation, relevant prior experience.

In Indonesia, Myanmar and Bangladesh, we operate and maintain our DPG stations primarily through contract workers sourced from independent third parties. Our service agreements with the subcontractors have terms ranging generally from one to five years and are renewable in accordance with the terms of these agreements. The contract workers are employees of the subcontractors. Therefore, we are not generally responsible for the contract workers' compensation, social insurance and other benefits. Under the service agreements, we will reimburse the subcontractors on a monthly basis for the costs and expenses incurred in relation to their services and/or service fees calculated based on rates stipulated in the agreements. The subcontractors dispatch experienced workers to our project sites, where our representatives conduct further training and regularly supervise their work. Under the agreement with a subcontractor for two of our DPG stations in Indonesia, we are liable for damage caused by the actions of the contract workers when following our guidelines and/or instructions, subject to such subcontractor's

compliance with its obligations under the agreement. We evaluate the performance of the workers dispatched by the subcontractors and review our cooperation with these subcontractors on a yearly basis. We may unilaterally terminate the service agreements without cause or in the event of subcontractor's unsatisfactory performance upon prior notice. The subcontractors for our DPG stations in Myanmar and Bangladesh also have the right to terminate the service agreements without cause upon prior notice. As of the Latest Practicable Date, we engaged seven subcontractors, which provided over 500 contract workers for the operation of our DPG stations.

We entered into a cooperation agreement with an administrative service provider of our DPG station in Bangladesh, which will be effective until November 2018. Pursuant to the cooperation agreement, such administrative service provider shall provide, among other things, necessary services to the relevant parties for the execution of the extension contract between the intermediate off-taker and BPDB and assisted us in the negotiation and execution of a new operating agreement with the intermediate off-taker to operate the station until November 2018. The administrative service provider also agreed to provide various services such as payment collection, application for custom duties exemption, entry and exit immigration of our expatriate employees, as well as local administrative support for us to carry out the new operating agreement with the intermediate off-taker. Pursuant to the cooperation agreement, we agreed to pay a fixed monthly service fee to the administrative service provider as long as we receive our entitled payments from our intermediate off-taker in accordance with the terms and conditions of the new operating agreement with the intermediate off-taker.

We also engage a DPG operations and technical management company in the PRC to provide operational management, data and operations monitoring and analysis, repair service and routine maintenance to our DPG stations. The agreement is for a term of two years. We pay a service fee to the management company and are responsible for providing all equipment, tools and parts. We will also reimburse all visa, travel, and food and lodging expenses. In turn, the subcontractor is responsible for paying the worker's compensation and benefits while the workers are working at our DPG stations.

During the Track Record Period through the Latest Practicable Date, we had not incurred any material liabilities as a result of any accident involving our employees or contract workers. Our Directors have confirmed that we had no material violations of applicable labor, health and safety laws and regulations during the Track Record Period and up to the Latest Practicable Date. During the same period, we had not received any material claim against us relating to labor, health and safety issues.

## MARKET AND COMPETITION

For our SI business, we compete with other gen-set system integration providers and engine manufacturers, including FG Wilson, Tellhow, Cummins and Caterpillar. For our IBO business, we compete with other DPG station owners or operators, including Aggreko, APR Energy, ABM Investama and Maxpower.

We believe factors affecting the competitive landscape of our SI and IBO business include establishing a strong industry reputation, marketing network and proven track record, securing high-quality and efficient engines and components at competitive costs, ensuring fast execution capabilities, maintaining effective and efficient operations while minimizing operational costs, building a large portfolio of projects to achieve scale, with a large pipeline for future growth, acquiring expertise in cultivating, developing and managing projects, obtaining financing and managing working capital at competitive terms, and recruiting experienced management.

We believe we have significant advantages as a result of our complementary and integrated business segments and strong global procurement, execution and financing capabilities. We also believe that our

young, fuel efficient and technologically advanced fleet and highly experienced technical and management teams with fast execution capabilities contribute to our competitive advantage.

## INSURANCE

At the inception of a DPG station project, we or our civil engineering contractors obtain construction insurance to protect the full value of the assets of the DPG station during construction. In addition, we obtain property all risk insurance covering the investment cost of the project, except for our DPG station in Ghana for which the intermediate off-taker is responsible for obtaining the all risk insurance. We carry customary marine cargo insurance when we ship gen-sets and PGSs to our customers by sea. We do not carry any business interruption insurance, which we believe is consistent with industry practice in the markets in which we operate.

To protect our assets located in emerging market countries and in line with the industry practice, we have purchased insurance with several prominent global insurance companies to cover our operating assets against certain political events, such as expropriation, civil commotion, strikes and insurrection. Currently, the coverage of such insurance ranges from 50% to 80% of the value of our project assets located in the countries that we operate. The extent of the policy coverage is determined based on our management's evaluation of the country risk concerned. Our Board will review the coverage levels from time to time to monitor their adequacy for the growth of our business.

Save for an insurance claim for US$390,000 (equivalent to approximately HK$3.0 million) for equipment damaged by fire in Bangladesh, during the Track Record Period and up to the Latest Practicable Date, we have not made, neither had we been the subject of, any insurance claims which are of a material nature to the Group.

Our Directors believe that the insurance coverage for our operation was adequate and in line with industry practice as of the Latest Practicable Date. For more details, see "Risk Factors — Risks Related to our Business and Industry — Our insurance policies may not offer sufficient coverage, and we will suffer any damage not covered by insurance."

## RESEARCH AND DEVELOPMENT

Our research and development team focuses on (i) developing CHP and power generation using new forms of gas, and (ii) improving the quality, functionality, efficiency, reliability and cost structure of our existing gen-sets, PGSs and DPG stations.

We intend to develop CHP gas-fired PGSs and DPG stations for data centers, industrial estates, hospitals, hotels and airports in China as well as overseas. CHP technology enables us to use residual heat generated from gas-fired PGSs to generate steam and hot water for heating and cooling using an absorption chiller. Selling these byproducts in addition to the electricity we produce from our DPG stations increases our revenue. We intend to build our larger projects with combined cycle medium-speed engines whenever appropriate, as they have higher fuel efficiency compared to simple cycle engines.

We also intend to develop power generation using new forms of gas, including LNG and CNG, for both our SI and IBO businesses. Gas-fired PGSs have traditionally relied on pipeline gas, which limits the location of PGSs and DPG stations to locations with access to a gas pipeline. LNG and CNG allow for the transportation of gas through trucks, freight or other means to locations without access to a gas pipeline

where there may be demand for PGSs and DPG stations. Frost & Sullivan predicts that LNG and CNG will unlock further potential of gas-fired DPG by supporting the construction of DPG stations in regions that previously had difficulty accessing a gas pipeline. We have begun to develop technologies that enable our PGSs and DPG stations to use LNG and CNG. We intend to cooperate with a local government in Indonesia to develop a LNG-fired DPG station that generates up to 100MW.

We believe our technological leadership and key strategic relationships with engine manufacturers enable us to be well-placed to be a first-mover for LNG- and CNG-fired PGSs and DPG stations. We also intend to adopt environmentally friendly technologies for our PGSs, such as waste-derived fuel power generation technologies, including biogas, landfill gas and syn-gas. We are developing applications for the biogas-fired gen-sets of MTU, ranging from 0.24MW to 2.1MW.

We also seek to improve the fuel efficiency of our PGSs and DPG stations. Our DPG stations are differentiated primarily based on their high fuel efficiency. We plan to continue to improve our industry-leading proprietary system designs and integration expertise by enhancing our containerized gen-set design. For example, we are working with a number of domestic and international companies to develop residual heat recovery devices that increase the electricity generated by our PGSs and enhance fuel efficiency. We are also actively developing a more efficient water cooling system, which should further improve fuel efficiency.

We have developed a number of proprietary system designs that contribute to the high fuel efficiency of our PGSs. At the same time, these designs increase the modularity and decrease the size of our PGSs. We have also increased the sound insulation of our PGSs, which significantly reduced the ambient noise emitted by them. Reducing the ambient noise of our PGSs reduces the likelihood that our PGSs will violate noise ordinances, which, in turn, allows them to be deployed in a larger number of locations.

We primarily design and develop our products in-house. We also collaborate with MTU, key suppliers, research and development institutes, universities, and third party technology providers to design new products and technologies. As of May 31, 2016, we had a dedicated research and development team consisting of 11 technicians with on average over 10 years of power industry experience.

Our research and development costs (before capitalization and amortization of development costs) were approximately HK$1.1 million, HK$2.0 million, HK$3.0 million and HK$1.3 million in 2013, 2014 and 2015 and the five months ended May 31, 2016, respectively.

## HEALTH, WORK SAFETY, SOCIAL AND ENVIRONMENTAL MATTERS

### Health and Safety Matters

We are subject to a variety of laws, regulations and standards imposed by the jurisdictions in which we operate, which stipulate the requirements for maintaining safe production conditions and protecting the occupational health of employees. We provide production safety education and training programs, and a safe working environment to our employees. In addition, the design, manufacture, installation, use, inspection and maintenance of our facilities and equipment are required to conform to applicable national or industrial standards.

We aim to excel in occupational health and safety performance and achieve accident-free operation. Our safety management systems enable us to regularly review and improve our safety performance and

minimize human errors. We have a designated chief safety officer stationed in Hong Kong who oversees our DPG stations, both at commissioning and on an ongoing basis. We receive daily status reports for each of our DPG stations, which provides details of any security breaches or important incidents. We provide each of our construction site workers in Hong Kong with a safety handbook detailing our workplace safety and health protection policies.

We have implemented safety measures at our in-house manufacturing facility and DPG stations to monitor compliance with applicable regulatory requirements and to minimize the risk of injury to employees which we have documented in our safety manual. We conduct periodic inspections of our manufacturing facility and DPG stations to monitor our compliance with existing laws and regulations. Each of our DPG stations is assigned a safety officer who is supervised by our chief safety officer. For our IBO projects, our off-takers are typically responsible for compliance with health and safety laws. Please refer to "Regulations." We believe we are in compliance with applicable health and safety laws and regulations in all material respects, and have not experienced any material accident in the course of our operation. We have not been subject to material claims for personal or property damages or for health or safety related compensation.

**Environmental Matters**

We are subject to certain laws and regulations in relation to environmental protection. We have adopted anti-pollution measures for the effective maintenance of environmental protection standards. For our IBO projects, our off-takers are typically responsible for compliance with environmental laws. We believe that we are in compliance in all material respects with applicable environmental laws and regulations. We are not currently involved in any material environmental claims, lawsuits, penalties or administrative sanctions. There is, nevertheless, a risk that we may be subject to environment liabilities or litigation that could result in the assessment of damages, imposition of fines against us or suspension of operations. For more details, see "Risk Factors — Risks Related to our Business and Industry — Complying with environmental, health and safety laws is expensive and our costs in this regard may increase if laws change." In addition, changes in environmental regulations could necessitate additional capital expenditures, modification of operations or other compliance actions.

During the Track Record Period, our costs relating to complying with environmental laws and regulations were immaterial. Our Directors expect that our on-going costs for complying with applicable environmental laws and regulations should not increase significantly.

**INTELLECTUAL PROPERTY**

Our success depends, in part, on our ability to maintain and protect our proprietary technology and to conduct our business without infringing on the proprietary rights of others. As of May 31, 2016, we held 21 registered patents in the PRC.

We have two pending trademark applications in the PRC and one pending international application to the African Intellectual Property Organization. We also have two registered trademarks in the PRC and one registered trademark in Hong Kong that are material to our business, namely our Company's logos. In addition, we were the owner of two domain names which are material to our business as of the Latest Practicable Date.

We rely primarily on a combination of patents, trademarks and trade secrets, as well as confidentiality and non-competition agreements and provisions with our employees and other business partners to

safeguard our intellectual property rights. We cannot assure you that the protection afforded for our intellectual property rights will be adequate. See "Risk Factors — Risks Related to Our Business and Industry — We may not be able to protect our intellectual property." in this prospectus.

During the Track Record Period and up to the Latest Practicable Date, we were not subject to, nor were we party to, any intellectual property rights infringement claim or litigation, and we had complied with all applicable intellectual property laws and regulations in all material respects. Each of our Directors has confirmed that he or she was not aware of any incidents of intellectual property rights infringement, or restrictions with respect to our uses of intellectual property rights, which would have a material adverse effect on our operations.

We have not been subject to any material infringement of our intellectual property rights during the Track Record Period and up to the Latest Practicable Date.

## AWARDS AND RECOGNITION

The following table sets forth our recent awards and recognition:

| Award year | Awards and recognition | Awarding issuing authorities | DPG Station Location |
|---|---|---|---|
| 2015 | Asian Power Awards 2015 for Gas Power Project of the Year — Myanmar Electric Power Enterprise 230 kV Substation | Power-Gen Asia | Kyauk Phyu I, Myanmar |
| 2015 | Asian Power Awards 2015 for Fast-Track Power Plant of the Year — Myanmar Electric Power Enterprise 230 kV Substation | Power-Gen Asia | Kyauk Phyu I, Myanmar |
| 2015 | Asian Power Awards 2015 for Power Utility of the Year — Indonesia — Diesel to Gas Plant Upgrade for Efficient Power Generation in Pekanbaru | Power-Gen Asia | Teluk Lembu II, Indonesia |
| 2015 | The Asset Asian Awards 2015 — the Best Regional Structured Trade Finance Solution | The Asset | Teluk Lembu II, Indonesia |

"Power-Gen Asia" is a trade conference with over 24 years of history. It convenes every year to discuss power generation, renewable energy, alternative energy and the T&D industries in Asia. "The Asset" is a magazine that covers Asia-wide finance, banking, economic and capital markets news.

## EMPLOYEES

Our operations, financial affairs, business investment, project execution and control are all centrally managed out of our headquarters in Hong Kong. All of our management team is also based in Hong Kong. Other than our PRC subsidiary and other special purpose vehicles incorporated in Singapore and the BVI, we do not have any overseas subsidiaries. Further, all of our books and records are kept in either Hong Kong or the PRC.

As of the Latest Practicable Date, we had a total of 209 employees, including 85 based in Hong Kong, 122 based in the PRC and 2 based in Singapore. The following table shows a breakdown of our employees by function as of the Latest Practicable Date:

| Functions | Number of Employees |
|---|---|
| Management, Finance & Administration | 61 |
| Business & Marketing | 23 |
| Production & Quality Control | 51 |
| Operation & Technical | 55 |
| Research & Development | 19 |
| Total | 209 |

Our employees typically enter into standard employment contracts with us. We place high value on recruiting, training and retaining our employees. We strive to maintain high recruitment standards and to provide competitive compensation packages. Remuneration packages for our employees may comprise one or more of the following elements: base salary, performance-related bonus and discretionary bonus. We set performance targets for our employees based on their position and department and periodically review their performance. The results of such reviews are used in their salary determinations, bonus awards and promotion appraisals. We offer various social insurance benefit plans to our employees, including housing fund, pension, medical, maternity and unemployment benefits.

We also provide in-house and external trainings relating to management and professional skills and knowledge.

## PROPERTIES

As of the Latest Practicable Date, we owned one property located in Hong Kong with a gross floor area of 2,349 square feet which we rent out to an independent third party for a monthly fee of HK$70,000 including air conditioning and management fee. The tenancy agreement is valid from September 1, 2015 to August 31, 2017. We do not own any other property for our business operations.

For our operations, we had entered into several lease agreements for a total of ten properties. We use these properties for non-property activities as defined under Rule 5.01(2) of the Listing Rules. The terms of each lease agreement were negotiated on an arm's length basis. As of the Latest Practicable Date, we intended to renew all the existing leases upon expiry. Our Directors confirm that, as of the Latest Practicable Date, we had not received any indication from the landlords that any of the leases may not be renewed upon expiry. A summary of our leased properties as of the Latest Practicable Date are set forth below:

| Location | Usage | GFA | Term |
|---|---|---|---|
| Shenzhen, China | Office and factory | 4,198.89 sq.m. | Jan 1, 2012 to Dec 31, 2016 |
| Shenzhen, China | Office and factory | 2,212.12 sq.m. | Jan 1, 2012 to Dec 31, 2016 |
| Shanghai, China | Office | 194.5 sq.m. | Sept 1, 2016 to Aug 31, 2018 |
| Shenzhen, China | Office | 666 sq.m. | July 1, 2016 to June 30, 2017 |
| Hong Kong | Office | 788 sq.ft. | Nov 1, 2014 to June 16, 2018 |
| Hong Kong | Office | 725 sq.ft. | April 19, 2015 to June 16, 2018 |
| Hong Kong | Office | 725 sq.ft. | April 19, 2014 to June 16, 2018 |
| Hong Kong | Office | 4,003 sq.ft. | April 17, 2015 to June 16, 2018 |
| Hong Kong | Staff Quarter | 400 sq.ft. | July 15, 2016 to July 14, 2018 |
| Hong Kong | Staff Quarter | 400 sq.ft. | Oct 1, 2015 to Sept 30, 2017 |

*Assembly Facility*

Our assembly facilities are located in Shenzhen, PRC with aggregate gross floor area of 6,411.01 sq.m., leased by our PRC subsidiary. We utilize our facilities to assemble and integrate gen-sets and PGSs. Under our PRC subsidiary's business license, our assembly facilities are authorized to assemble and operate PGSs and other electric equipment and spare parts. As advised by our PRC legal advisers, as of the Latest Practicable Date, we have obtained all material and necessary licenses and permits to operate our assembly facilities in the PRC.

The following table shows the output and utilization rate of our assembly facility during the Track Record Period.

| | Year ended December 31, | | | Five months ended May 31, |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 |
| Output of gen-sets and PGSs | 286MW | 346MW | 408MW | 158MW |
| Utilization rate[1] | 56.9% | 72.1% | 85.0% | 79.1% |

Note:

(1) Maximum production capacity is 480MW per year or 40MW per month, calculated on the assumptions that we can produce 1.6MW of gen-sets and/or PGSs per every eight-hour working day, operating for 300 days per year.

According to Chapter 5 of the Listing Rules and Section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land and buildings, because as of May 31, 2016, we had no single property interest with a carrying amount of 15% or more of our total assets.

## LEGAL PROCEEDINGS AND COMPLIANCE

We may be subject to legal proceedings and claims that arise in the ordinary course of business, which primarily include business disputes brought by the suppliers, customers or other business partners with whom we cooperate.

As of the Latest Practicable Date, we were not a party to any on-going material litigation, arbitration or administrative proceedings, and we are not aware of any claims or proceedings contemplated by government authorities or third parties which would materially and adversely affect our business. Our Directors are not involved in any actual or threatened material claims or litigation. However, we may face legal proceedings and claims in our business operations in the future. See "Risk Factors — Risks Related to Our Business and Industry — We may become involved in costly and time-consuming litigation and other regulatory proceedings, which require significant attention from our management" in this prospectus.

We are subject to a wide variety of laws, rules and regulations in the ordinary course of our business operations. See "Regulations." To the best knowledge of our Directors, we complied with the law and regulations of Hong Kong and all jurisdictions in which we operate applicable to us in all material aspects during the Track Record Period and up to the Latest Practicable Date.

## INTERNAL CONTROL AND RISK MANAGEMENT

Our Directors are responsible for formulating and overseeing the implementation of the internal control measures and the effectiveness of our risk management system, which is designed to provide reasonable assurances regarding the achievement of objectives relating to operations, reporting and compliance. In accordance with the applicable laws and regulations, we have established procedures for developing and maintaining internal control systems. Such systems cover corporate governance, operations, management, legal matters, finance and auditing, as appropriate for our needs. We believe that our internal control systems and current procedures are sufficient in terms of comprehensiveness, practicability and effectiveness.

In order to continuously improve our internal control procedures for the management of external and internal risks, we have engaged an internal control consultant to conduct a review of our internal control systems. We have implemented the relevant suggestions proposed by our internal control consultant. As our business continues to expand, we will refine and enhance our internal control systems to respond the evolving requirements of our expanded operations as appropriate. We will continue to review our internal control systems to monitor compliance with Hong Kong's and other operating countries' regulatory requirements.

### *New Market Entry Policy*

Given the nature of our IBO business, which focuses on electrification markets which have yet to be established or are in the process of developing their power infrastructure, we enter into new markets or deal with new clients from time to time. Our investment committee, comprising our executive Directors, namely Mr. Lam, Mr. Lee, Mr. Au-Yeung and Mr. Lo, oversees the new market entry policy (including approving the entry into any new markets) as well as the "know your client" policy (including approving the intake of IBO customers) for our IBO business. For the qualifications and industry experience of our executive Directors and officers, see "Directors and Senior Management."

Prior to entering into a new market, our investment committee assesses a number of ratings and factors pertaining to the new market, including Standard and Poor's rating, World Bank's ranking on business dealings, Sinosure's assessment on country risk and outlook, the landscape of the local energy market, the costs for political risk insurance, the legal and political system, the GDP growth, GDP per capita, the interest rates, the local currency and currency control. We also analyze the local energy industry by reviewing its energy market, the demand for power, key challenges we will face, incentives for entering the local market as a foreign investor and the relevant local laws or regulations. Where practicable, we would visit the relevant local government authority and banks for market sounding prior to entering a market. We would also engage credit agencies, such as Sinosure, to provide credit reports of the local counterparties. We will not invest in a new market unless, during the year in which we decide to invest, it achieves a composite ranking comparable to the rankings our existing markets achieved during the Track Record Period. For example, in 2015, Ghana was rated 62.24 out of 100 by the World Bank in its distance to frontier score, which was higher than Indonesia, Bangladesh and Myanmar. We believe that in considering a composite of the ratings by the professional rating agencies, objective local factors, the commercial aspects peculiar to a particular project and our internal performance target, we maintain a balanced view for our market expansion policy. The attractiveness of a particular project in the new market as well as our ability to execute and operate the project with the support of our strategic partners and network are also critical factors in our assessment process.

We use the following measures to monitor and manage emerging market risks on an ongoing basis:

(1) Regular Review

We review the risk profile of our existing markets from time to time.

(2) Quarterly Country Risk Research Report

We have subscribed for quarterly advanced country analysis and forecast reports from IHS Markit Ltd., a US-listed research company, which has a database widely used by insurance companies. The reports provide daily analysis of world events, detailed country reports, proprietary country and sovereign risk ratings, and comprehensive economic forecasts and historical data. We will alert the investment committee of any significant change in the country risk profiles of the Group's existing markets.

(3) Country Coverage Team

Our country coverage team with eight members spends considerable time traveling across the countries with ongoing projects and visits each of our markets, on average, one week each month. The team, through meeting with local suppliers and customers and visiting local power authorities, gains first-hand knowledge and updates on local news. Thus the Group is kept abreast of the local developments in the existing markets.

(4) Continuous Updates From and Frequent Contacts With Local Partners

We receive continuous updates from our local partners and service providers who provide us with information on local developments and newspaper clippings.

We also maintain a high standard of selection criteria for taking new clients on board and generally deal with prominent players in the local power market which (1) are referred by industry contacts; or (2) have an existing satisfactory relationship with us through our SI business. We endeavor to maintain a balance of approximately 20% of revenue and gross profit contribution from each market. As the revenue from our IBO business are based on fixed term contracts due to our business model and the term from our operating agreements, we expect that once the revenue and gross profit contribution from a particular market approaches approximately 20%, we would seek to enter into other markets to diversify our risk exposure. We will continue to target electrification markets where the customers are local governments or local partners approved by government entities to reduce counter-party risk. We also maintain strict credit control measures. We issue invoices to our customers on a monthly basis and customers take three months to effect payment. For our IBO business, it is also common to receive payment guarantees for up to six months of the contractual payments in advance. We will continue to avoid assuming site or fuel risks and we will not do business with any counterparty that is a specially designated national (as determined from time to time by the Office of Foreign Assets Control (OFAC) of the United States Department of the Treasury). We will also voluntarily disclose in our annual reports the contribution to revenue, gross profit and assets of each of our key markets, and will make an announcement when we enter into an IBO contract in a new market and set out our analysis of the new market.

In the event the political and business environment of a market where our DPG stations are located deteriorates to an extent that the investment committee considers it necessary to exit that market, we will

stop investing in new projects in that market and use our best endeavors to complete the remaining term of any operating agreements for the DPG stations located in that market. In extreme situations, such as outbreak of war, we will terminate the projects pursuant to the *force majeure* provisions in our operating agreements, repatriate the DPG station assets in that market, and claim political insurance for damages incurred including DPG Station assets that could not be repatriated.

The major risk of loss that we are susceptible to in emerging markets comprises mainly the DPG station assets for the IBO business, namely PGSs, which are movable assets that can be dismantled quickly as described in the "— Our Products — PGS" section. Further, to mitigate the loss arising from certain political events, we have purchased insurance with several prominent global insurance companies to cover our operating assets. For more details, please refer to "Business — Insurance".

***Anti-bribery Policy***

We have established an anti-bribery policy to maintain ongoing compliance with anti-bribery and anti-corruption laws and regulations. Our anti-bribery policy covers prohibitions and restrictions on bribes, gifts and hospitality, facilitation payments and kickbacks, political contributions and charitable contributions. We take a zero-tolerance approach to bribery and corruption. Our policy also sets out suggestions and recommendations to handle suspected bribery or corruption activities as they arise. Our human resources manager takes the primary and day-to-day responsibility for the implementation of this policy. We have also taken the following measures to effectively and adequately implement our anti-bribery policy:

- We have included our anti-bribery policy in our new employee checklist. We provide updates and trainings to our employees in order to enhance their understanding of this policy and the relevant laws and regulations.

- Our general counsel maintains a register for details of the interactions between our employees and government officials or government related personnel.

- We have adopted a business reimbursement form to require our employees to provide details of every meal expense claim of more than a certain sum, which must be approved by their respective department head.

- We have incorporated certain anti-corruption provisions into our template sales agreements and notified all our sales staff to provide a copy of our anti-bribery policy to all our potential and existing customers.

***Sanctioned Country Policy***

We have established a sanctioned country policy to prevent violation of U.S., United Nations, European Union or Australian economic sanctions and anti-terrorism legislation ("sanctions laws"). In addition, we do not, and do not intend to, do business in any country or with any counterparty which is subject to comprehensive economic sanctions. Our sanctioned country policy includes the following:

- Our legal department at our headquarters will check that each country we currently and intend to operate in and each counterparty are not subject to sanctions laws. We require our operational teams to regularly monitor the compliance of their respective operations with the sanctions laws.

- Our finance department at our headquarters is responsible for overseeing compliance by our operational teams. Any finding of potential sanctions risks needs to be reported to our Board, which will authorize relevant department heads to investigate and when necessary, we will consult with external international legal counsel with expertise and experience in sanctions law matters for recommendations and advice.

- We will evaluate the sanctions risks prior to determining whether we should embark on any business opportunities. Our senior management conducts due diligence on potential suppliers and customers, including their identities and nature of business, and ensures that they are not on any sanctions list. If any potential sanctions risk is identified, we will seek advice from external international legal counsel.

Based on the views of our Company's legal advisers, whose views are based on information provided by our Group, we believe that we would not be in violation of Australian, European Union, United Nations or United States economic sanctions in connection with our activities in Myanmar or any other country because (i) our business activities do not involve sectors, industries or products subject to such sanctions and (ii) the counterparties to our business transactions do not appear on the relevant Australian, European Union, United Nations or United States sanctions lists.

***Hedging Policy***

As our revenue is primarily denominated in United States dollar and IDR, Renminbi and Euros and our costs are denominated in Euros, Renminbi, U.S. dollars and Norwegian Krones, we are exposed to currency risks. For more details on the risk associated with this currency difference, see "Risk Factors — Risk Related to Emerging Markets and the PRC — Currency fluctuations may adversely affect our revenues and costs" and "Financial Information — Market Risks — Currency Risk". We have instituted a hedging policy to manage the risks and costs associated with currency fluctuations and any adverse effects of such fluctuations on our business, cash flow, results of operation and financial position for the next 6 to 12 months. Our chief financial officer, Mr. CHAN Kam Shing, and our chief commercial officer, Mr. CHEUNG Yeung Earnest, oversee our hedging transactions. For more information on Mr. Chan and Mr. Cheung, see "Directors and Senior Management —Senior Management."

Our hedging policy includes the following principles:

- We will not enter hedging instruments for speculation.

- The benefits of our hedging instruments must justify their cost.

- Before selecting a hedging instrument, we must review our exposure to currency fluctuations regularly and investigate the potential hedging strategies for their effectiveness, cost, liquidity, and counterparty risks, including the strategy of not hedging. We review our currency exposure as a whole and determine our net currency exposure to be hedged, rather than hedging each currency individually. We pay attention to natural hedges, including revenues and costs in the same denomination or highly correlated currencies in the revenue and cost components, which reduces our actual net exposure. If we decide to hedge, we usually hedge no less than 50% of our estimated net currency exposure.

- We evaluate all practically implementable hedging instruments based on their costs, benefits, liquidity and counter-party risks to devise the hedging strategy that we believe is the most

appropriate for market conditions, hedging objectives and business strategies. These instruments may include currency spot or futures trades, currency forward contracts, various currency option strategies with or without upfront costs for capped or uncapped protections, and, to the extent available, floating-to-fixed rate currency swap contracts, among others.

- In line with our policy of not entering into hedging instruments for speculation, we enter into spot, futures and forward hedging transactions purely to lock in future exchange rates so as to increase the predictability of our future revenues and costs. If we believe that such positions are unlikely to be beneficial anymore, we may close the trade early only after obtaining investment committee or board approval. To the extent that we sell options to reduce up front cost of certain option-related hedging transactions, we would implement appropriate stop-loss orders based on our risk tolerance and technical charting analysis to determine major support or resistance levels. Such stop-loss levels generally limit trading losses to be within 10%.

- Our investment committee must approve our hedging strategies.

- Once we enter into a hedging instrument, we must adhere to the decision, authorization, execution, confirmation, accounting, reporting, monitoring, review and adjustment procedures and maintain proper control measures and a reporting structure.

We formulate our hedging strategy to manage the impact of foreign currency fluctuations on our:

- corporate economic and financial health, such as solvency, liquidity, credit rating, breach of covenants, and/or significant value destruction;

- actual operations and cash flows;

- consolidated or subsidiary earnings; and

- consolidated or subsidiary balance sheets.

To initiate the approval procedures for a hedging transaction, the chief financial officer and the chief commercial officer will prepare a proposal for hedging based on our hedging policy and procedures. Our chief investment officer, Mr. Boyang LIU, as well as our co-chief executive officers, Mr. LEE Chong Man Jason and Mr. AU-YEUNG Tai Hong Rorce, will review and comment on the proposal. After all comments are reflected, the revised proposal will be submitted to the investment committee for final review. Approval from the following persons is required for transactions with the following underlying values:

- less than HK$160 million underlying value — the investment committee; and

- over HK$160 million — the investment committee and the Board of Directors.

All discussions, comments and final decisions for the approval of hedging transactions will be documented as investment committee minutes. The chief financial officer will be responsible for executing the approved hedging strategy, in conjunction with the chief commercial officer.

We have developed a detailed reporting structure for regular assessment of our hedging positions:

- A monthly foreign exchange report on accounting exposures will be prepared by our finance department and reviewed by the chief financial officer with the following information:
    - summary of the current open foreign exchange contracts and our net transaction exposure by currency;
    - number of transactions (contracts purchased and sold) made during the month, and results of positions that have been closed during the month;
    - risk analysis update that briefly summarizes hedging objectives, hedging strategies, hedging results and any major issues that may require special management attention, supported by relevant analysis, as well as supplemented by recommended actions including suggested position adjustments.

The monthly foreign exchange report will be delivered to the chief financial officer, chief commercial officer, chief investment officer, co-chief executive officers and members of the investment committee to facilitate their assessment of our foreign exchange activity during the month as compared to our foreign exchange policy.

A quarterly report will also be prepared for the Board of Directors with the summary of all the above items for the quarter, plus an economic exposure analysis that outlines the impact of foreign currency fluctuations on our key income statement, balance sheet and cash flow line items for the quarter, as well as the pro forma results for the year.

As of the Latest Practicable Date, we do not have any outstanding foreign currency forward contracts.

For more information on currency risk to our business, see "Financial Information — Market Risks — Currency risks."

**LICENSES AND PERMITS**

Our operations are subject to a variety of laws and regulations promulgated by the national and local governments of each jurisdiction in which we operate. See "Regulations." We believe we are in compliance in all material respects with the applicable governmental regulations in each jurisdiction in which we operate. We are not aware of any governmental proceedings or investigations to which we might become a party and which may have a material adverse effect on our properties and operations. See "Risk Factors — Risks Related to Our Business and Industry — We may become involved in costly and time-consuming litigation and other regulatory proceedings, which require significant attention from our management." in this prospectus. During the Track Record Period, we did not experience any delay in the approval, maintenance or renewal of our licenses that resulted in a material adverse effect to our operations.

We maintain regular dialogue with local governments and regulatory authorities through their management teams or representatives in each jurisdiction to the extent feasible. We seek advice from our legal advisers and regularly review our compliance with the requirements and conditions for maintaining the licenses, concessions, permits, or certificates required for our business.

We are in compliance with all relevant laws, rules and regulations in all material aspects and have obtained all material licenses, approvals and permits for our current business operations.

***You should read the following discussion and analysis in conjunction with our audited combined financial information as of and for the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2015 and 2016 included in the Accountants' Report set out in Appendix I to this prospectus, together with the accompanying notes. Our combined financial information has been prepared in accordance with HKFRS.***

***The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this prospectus.***

## OVERVIEW

We are one of the world's leading large gen-set system integration providers in terms of revenue in 2015 and Southeast Asia's largest private gas-fired engine-based DPG station owner and operator in terms of secured installed capacity as of December 31, 2015, according to Frost & Sullivan. For the years ended December 31, 2013, 2014 and 2015, our revenue was HK$575.8 million, HK$929.8 million and HK$1,212.8 million, respectively, representing a CAGR of 45.1%. Our profit for each of these years was HK$9.7 million, HK$120.7 million and HK$141.2 million, respectively, representing a CAGR of 281.5%. Our revenue increased by 72.6% from HK$294.9 million for the five months ended May 31, 2015 to HK$509.0 million for the five months ended May 31, 2016. Our profit decreased by 4.7% from HK$29.5 million for the five months ended May 31, 2015 to HK$28.1 million for the five months ended May 31, 2016.

Under our SI business, we design, integrate and sell gas-fired and diesel-fired gen-sets and PGSs, utilizing our proprietary system designs and integration capabilities. We were the largest system integration provider of gen-sets and PGSs with power output of 800 kW and above in Asia in terms of revenue in 2015, according to Frost & Sullivan. Under our IBO business, we design, invest in, build, lease and, in collaboration with off-takers, operate DPG stations. We were the largest private gas-fired DPG station owner and operator in Indonesia and Myanmar, in each case in terms of installed and contract capacity as of December 31, 2015, according to Frost & Sullivan.

Under our SI business, we sell our gen-sets and PGSs to customers covering a variety of sectors including industry-grade and utility-grade DPG stations, governmental, residential and commercial buildings, data centers, hotels, construction works, mining operations, railway projects and telecommunication projects, primarily located in the PRC, Singapore, Hong Kong, the UAE, South Korea and the Philippines. During the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2016, we sold gen-sets and PGSs with an aggregate capacity of 286.3MW, 345.6MW, 407.6MW and 158.3MW, respectively, under our SI business. Our SI business recorded HK$535.5 million, HK$785.5 million, HK$965.6 million, HK$202.6 million and HK$376.9 million in revenue, representing 93.0%, 84.5%, 79.6%, 68.7% and 74.0% of our total revenue, in 2013, 2014 and 2015 and the five months ended May 31, 2015 and 2016, respectively.

Under our IBO business, we had eight DPG stations in commercial operation in Indonesia, Myanmar and Bangladesh, which had an aggregate installed capacity of 507.1MW and individual installed capacity ranging from 20.3MW to 149.8MW, as of the Latest Practicable Date. We also had one DPG station under

construction in Ghana, which has a planned installed capacity of 56.2MW. We expect the station to commence operations in December 2016. Our IBO business recorded HK$40.2 million, HK$144.3 million, HK$247.3 million, HK$92.2 million and HK$132.1 million in revenue, representing 7.0%, 15.5%, 20.4%, 31.3% and 26.0% of our total revenue, in 2013, 2014 and 2015 and the five months ended May 31, 2015 and 2016, respectively.

**RECENT DEVELOPMENTS**

Subsequent to the Track Record Period and up to the Latest Practicable Date, we entered into two memoranda of understanding with two prospective intermediate off-takers for the construction and operation of DPG stations with contract capacity of 30MW and 50MW in Delta State, Nigeria and Medan, Indonesia, respectively. We also entered into a letter of intent with a prospective intermediate off-taker for the construction and operation of a DPG station with contract capacity of 15MW in Rengat, Indonesia. As the foregoing are subject to legally binding contracts, we are currently in the process of negotiating terms of the operating agreements with the prospective intermediate off-takers.

We have also entered into a memorandum of understanding with our intermediate off-taker for the expansion of our DPG station in Pagla, Bangladesh with an additional contract capacity of 50MW. Please refer to "Risk Factors — Risks Related to Our Business and Industry — We may experience difficulty winning or meeting the obligations of our tenders under our IBO business".

In June and September 2016, we completed the construction of our DPG stations located in Myingyan, Myanmar and Jambi, Indonesia and reached their commercial operation dates, respectively. The two DPG stations have now entered full operation.

In October 2016, the Myanmar Ministry of Electricity and Energy approved the extension of our operating agreement relating to our Kyauk Phyu I DPG station for five years, which is subject to the approval of the cabinet of the Myanmar government.

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial, operational or trading position since May 31, 2016.

**BASIS OF PRESENTATION**

Pursuant to the Reorganization as explained in the section headed "History, Reorganization and Corporate Structure — Reorganization" in this prospectus, our Company became the holding company of the companies now comprising the Group on September 1, 2016, which is after the end of the Relevant Periods (as defined below). The companies now comprising the Group were under the common control of Mr. Lam and Ms. Chan, as the ultimate Controlling Shareholders, before and after the Reorganization. Accordingly, the combined statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2016 (the "**Relevant Periods**") and the five months ended May 31, 2015 and the combined statements of financial position of the Group as of December 31, 2013, 2014 and 2015 and May 31, 2016 (collectively, the "**Financial Statements**") contained in the Accountants' Report set forth in Appendix I to this prospectus, pursuant to which this "Financial Information" section was prepared, has been prepared on a combined basis by applying the principles of merger accounting as if the Reorganization had been completed at the beginning of the Relevant Periods.

As disclosed in the Accountants' Report set forth in Appendix I to this prospectus, the related historical financial information of VPower Chad and VPower Technology Chad has been excluded from the Financial Statements throughout the Relevant Periods as our Directors considered such operations in Chad to be geographically distinct and have been separately managed, and the financial information relating to such operations was identifiable.

## KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe the following are key factors that affect our results of operations:

### *Market demand for electricity*

Our revenue and profitability depend substantially on the demand for gen-sets, PGSs and DPG stations, which are significantly influenced by fluctuations in demand for electricity.

Our SI business designs, integrates and sells gas-fired and diesel-fired gen-sets and PGSs to customers covering a variety of sectors including industry-grade and utility-grade DPG stations, governmental, residential and commercial buildings, data centers, hotels, construction works, mining operations, railway projects and telecommunications. The majority of our SI business clients is located in Asia and has existing power plants or commercial facilities in which to operate our systems. As such, demand for our SI business is primarily affected by the continued demand for electricity by industrial players that we target in various countries in Asia. Any fluctuations in their businesses or the overall industrial or economic development in these countries may affect the revenue and profitability of our SI business.

Our IBO business primarily designs, invests in, builds and, in collaboration with off-takers, operates and leases DPG stations that provide electricity to emerging markets in Asia, including Indonesia, Myanmar and Bangladesh. We are also developing a DPG station in Ghana. Electricity demand continues to rise rapidly in emerging markets due to increasing urbanization, population growth and economic development, among other reasons. We initially focused on Indonesia and Myanmar, where the electrification rate is relatively low as compared with other countries in Southeast Asia according to Frost & Sullivan. We expect the economies of Indonesia and Myanmar to continue to develop rapidly, driving demand for electricity, and in turn, for our gen-sets, PGSs and DPG stations. We anticipate increasing the revenue we derive from our IBO business, which generates higher gross margins than our SI business. However, as with our SI business, our ability to grow our IBO business depends on the demand for electricity in Indonesia, Myanmar and other emerging markets. There can be no assurance that the supply of electricity in these emerging markets will remain insufficient to meet such demand and that we would be able to continue to effectively manage and expand our business in these markets. For more details, see "Risk Factors — Risks Related to Our Business and Industry — Managing our business in emerging or other overseas markets increases our risks" and "Risk Factors — Risks Related to Our Business and Industry — Our revenue depends on demand for our gen-sets, PGSs and DPG stations".

### *Competition from other DPG systems and other fuel types*

Under our SI business, our products primarily compete with other types of PGSs, including other gas-fired and diesel-fired engine-based PGSs, turbine-based systems or other solutions.

Under our IBO business, the ultimate off-takers of the DPG stations are utility companies. We generally compete for contracts under our IBO business in a competitive tender process with other DPG station providers, including Aggreko, APR Energy, ABM Investama and Maxpower. To the extent that our existing competitors develop capabilities we do not have or new competitors enter our markets, our ability to win bids may be reduced, which would decrease our revenue and profitability.

In addition, demand for PGSs and gas-fired DPG stations is generally affected by the availability and attractiveness of other energy alternatives, including CPG stations and DPG systems with other fuel types.

Large-scale power generation capacity and transmission infrastructure projects take years to plan, develop, finance and construct and therefore lack the flexibility of redeployable PGSs and gas-fired DPG stations may have. As prices for other types of fuel, especially coal, fluctuate, demand for gas-fired PGSs and gas-fired DPG stations may be affected. One of the key advantages of gas PGSs and gas-fired DPG stations is that they are mostly powered by gas, which is one of the cleanest forms of fossil fuel. As such, the competitiveness of other types of clean energy power generation solutions will also affect the demand for gas-fired DPG systems. There can be no assurance that our DPG stations would be able to effectively compete with other DPG systems and other fuel types. For more details, see "Risk Factors — Risk Related to Our Business and Industry — We face significant competition in the gas-fired DPG industry and broader power generation industry".

***Engine and gen-sets availability and costs***

We source engines and produce gen-sets and PGSs for our SI business. For our IBO business, our EPC contractors source PGSs for our DPG stations independently. For our SI business, the cost of our engines comprises of a significant percentage of the cost of sales under our SI business. We use engines from a limited number of high-quality engine manufacturers, including MTU, Bergen, Komatsu and some other U.S. based engine manufacturers. For more details, see "Risk Factors — Risks Related to Our Business and Industry — We use engines manufactured by a limited number of manufacturers for our gen-sets, PGSs and DPG stations".

Any fluctuations in the price of engines or gen-sets will substantially affect our costs and profitability. In addition, our customers may request specific engines when purchasing our gen-sets or PGSs. To the extent that we cannot provide gen-sets or PGSs manufactured with those engines, we may not be able to fulfill their orders with engines that are acceptable to them, which may adversely impact our ability to generate revenue and profitability. We have not experienced any material fluctuations in the price of engines or gen-sets during the Track Record Period.

***Costs and availability of spare parts***

Our gen-sets, PGSs and DPG stations require maintenance and we anticipate replacing the key parts in accordance with the recommended maintenance schedules, which is approximately eight years for a major overhaul. In order to properly maintain the gen-sets, PGSs and DPG stations, we must source and use original parts from the manufacturers, which may not be readily available or whose prices may increase. As such, we maintain an inventory of key parts in anticipation of routine maintenance. To the extent that our PGSs require additional key parts, there are a limited number of qualified suppliers of such parts. If the prices of key parts increase, our margins may be materially adversely affected. For more details, see "Risk Factors — Risk Related to Our Business and Industry — We rely on a limited number of manufacturers for the key components of our gen-sets, PGSs and DPG stations".

***Government policies on electrification***

The governments in Indonesia, Myanmar and Bangladesh have adopted favorable policies to support electrification and DPG, which has increased, and is expected to continue to increase, the demand for our DPG stations. However, if these policies are withdrawn or phased out, demand for our DPG stations may fall and our results of operations may be adversely impacted. See "Risk Factors — Risks Related to Our Business and Industry — We have benefited from government policies benefiting the power industry and such policies may not be sustained".

According to Frost & Sullivan, Indonesia is an attractive market for fast-track utility-grade gas-fired DPG stations. According to Frost & Sullivan, Indonesia's total potential markets for DPG stations by installed capacity is expected to grow from 8.6GW in 2015 to approximately 12.5GW in 2020, respectively, and Indonesia's fast-track utility-grade gas-fired DPG stations by installed capacity is expected to grow from 1.9GW in 2015 to approximately 4.6GW in 2020, respectively. In addition, according to Frost & Sullivan, Indonesia is rich in natural gas reserves. As a result, the Government of Indonesia is keen to displace diesel power generation by gas-fired power generation and PLN aims to replace approximately 3.5GW of diesel-based power with gas-based DPG solutions. For more details on Indonesia's DPG market, see "Industry Overview — DPG in Selected Power Markets — Indonesia".

Myanmar is one of the most underdeveloped electricity markets and one of the largest producers of natural gas in Southeast Asia. In 2010, Myanmar's government began to reform and various economic sanctions were lifted, which accelerated economic and industrial growth. However, according to Frost & Sullivan, Myanmar's electrification ratio as of the end of 2014 remained at 26.0%, with a large portion of the population without access to electricity. The supply-demand imbalance has been further exacerbated by the country's heavy reliance on hydropower (which accounts for approximately 3.0GW of the grid capacity), which is seasonal in output and using equipment that is outdated. In June 2014, the Myanmar government instated its National Electrification Plan with a view to electrifying the entire country by 2030-2031. As part of this plan, the Myanmar government intends to provide access to households in rural areas that are not likely to be connected to the main grid within the next 10 years through developing mini-grids and household energy systems. We believe fast-track utility-grade gas-fired DPG stations are the most suitable supplemental electricity source to complement Myanmar's seasonal hydro-power generation capabilities. According to Frost & Sullivan, it is estimated that the total potential market for DPG stations in Myanmar will increase from 1.1GW in 2015 to approximately 2.6GW by 2020. For more details on Myanmar's DPG market, see "Industry Overview — DPG in Selected Power Markets — Myanmar".

Due to the political instability and poor infrastructure in Bangladesh, its electricity market remains underdeveloped. Although demand for electricity has been considerably high, driven by a growing economy and rapid urbanization, over 30% of its population does not have access to regular electricity, according to Frost & Sullivan. The Bangladesh government has established a target of providing electricity to all of its population by 2021 and has introduced reforms and policies to encourage the private sector to generate electricity under various public-private partnerships, rental power producer and independent power plant arrangements. DPG stations would provide a potential solution that would increase electrification and also allow the private sector to generate electricity for sale on the grid. According to Frost & Sullivan, it is estimated that the total potential market for DPG stations in Bangladesh will increase from 2.6GW in 2015 to approximately 4.1GW by 2020.

***Currency fluctuations***

We derive our revenue mainly in U.S. dollars, IDR and Renminbi and, under our SI business, we purchase engines in Euros and other ancillary equipment in U.S. dollars, Renminbi and Norwegian Krones. Under our IBO business, we purchase DPG stations in U.S. dollars. As such, we have transactional currency exposures. We recorded net gain on exchange differences on translation of foreign operations of HK$3.3 million and HK$0.1 million in 2013 and the five months ended May 31, 2015, respectively and net loss on exchange differences on translations of foreign operations of HK$1.8 million, HK$5.5 million, and HK$1.6 million in 2014, 2015 and the five months ended May 31, 2016, respectively. For a quantitative analysis of our exposure to currency fluctuations, see "— Market Risks — Currency Risk".

***Seasonality***

Our sales under the SI business are typically lower during the first quarter every year due to the Chinese New Year holiday. Production at factories in China tends to slow down for at least four weeks, or even completely shutdown, before and after the Chinese New Year holiday. In this vein, our assembly facilities and our component manufacturers often are not operating during those holidays. Therefore, we generally experience a decrease in our sales during these periods and an increase in our sales for the periods prior to and after the holidays. See "Risk Factors — Risks Related to Our Business and Industry — Our SI business is subject to seasonality due to holiday seasons".

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We prepare our combined financial information in accordance with HKFRS, which requires us to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities on the date of the combined financial information and the reported amounts of revenues and expenses during the financial reporting period. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Because the use of estimates is an integral component of the financial reporting process, actual results could differ from those estimates. We will continuously assess our assumptions and estimates going forward and will revise them as needed. We consider the policies discussed below to be critical to an understanding of our combined financial information as their application places the most significant demands on our management's judgment.

For further details regarding our critical accounting policies, please see note 2.4 to the Accountants' Report set forth in Appendix I to this prospectus.

### Revenue Recognition

(a) ***SI Business***

We recognize revenue primarily when we have substantially transferred the significant risks and rewards of ownership of the goods to the customer, which may include the issuance of an invoice, delivery of the product and fulfillment of international trade term requirements.

Consistent with customary international trade practices, we typically recognize revenue only after one of the following three international trade term requirements is fulfilled:

- Free on Board ("FOB") — For FOB arrangements, we will deliver our products to a designated port of shipment alongside the buyer's vessel. Once our products are delivered to the designated port of shipment, all costs and risks of loss or damage of the goods will be transferred to the buyer, at which time, we will recognize revenue.

- Cost and Freight ("CFR") — For CFR arrangements, we will pay for the cost of carriage for our products to a designated destination port. However, the risk of loss or damage of the goods will be transferred to the buyer when our products are loaded on the vessel, at which time, we will recognize revenue.

- Cost, Insurance and Freight ("CIF") — For CIF arrangements, these arrangements are identical to those under CFR arrangements, except we have the additional obligation to purchase insurance over the sold products while in transit to the designated destination port, for the benefit of the buyer.

For the years ended December 31, 2014 and 2015 and the five months ended May 31, 2016, we recognized revenue of approximately HK$74.3 million, HK$297.6 million and HK$55.1 million, respectively, for the sales of PGSs to an independent third party, which was a sub-contractor of our EPC contractor for the construction of certain of our DPG stations. As part of the construction of our DPG stations, the subcontractor of our EPC contractors purchases PGSs from us for installation in these stations, which we record as SI sales when the PGSs are delivered to the subcontractor (before construction of the DPG station is completed). Our EPC contractors are responsible for procurement and are free to select the PGSs for our DPG stations, based on the specifications listed in the tender documents. Upon completion of the construction of the DPG stations, we purchase the DPG station assets from our EPC contractor, which we record as a fixed asset. The DPG stations contained our PGSs and PGSs from other third parties. As these transactions do not involve intersegment sales, no intersegment elimination is required. Significant judgment is involved by our management in determining that these were not linked transactions because (a) the settlements of the PGS purchase and the DPG station assets were separate and not related and (b) the sub-contractor had total discretion to purchase the PGSs from us or other third parties under its contracts with the EPC contractor; and that the significant risks and rewards of ownership of the PGSs have been transferred to the sub-contractor and hence the recognition criteria for the related revenue are met. We recorded gross profit in respect of the above sales of approximately HK$14.5 million, HK$86.4 million and HK$10.1 million for the years ended December 31, 2014 and 2015 and the five months ended May 31, 2016, respectively. For details of our EPC contractual arrangement, see "Business — IBO Business" in this prospectus.

(b) ***IBO Business***

We primarily calculate revenue based on the actual amount of electricity we deliver to the customer and recognize revenue when the electricity is produced and delivered to the customer in accordance with the contractual arrangements. We also calculate revenue based on the agreed available capacity to the intermediate off-taker pursuant to our operating agreements and recognize revenue monthly upon the issuance of the invoice.

## DESCRIPTION OF KEY STATEMENT OF PROFIT OR LOSS ITEMS

The following table sets forth selected combined statement of profit or loss items for the periods indicated:

| | Year ended December 31, | | | Five months ended May 31, | |
|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2015 | 2016 |
| | (HK$ in thousands) | | | | |
| **Revenue** | 575,777 | 929,781 | 1,212,843 | 294,872 | 509,011 |
| Cost of sales | (483,803) | (681,338) | (868,855) | (188,294) | (353,388) |
| **Gross profit** | 91,974 | 248,443 | 343,988 | 106,578 | 155,623 |
| Other income and gains | 6,305 | 50,378 | 45,946 | 21,770 | 5,607 |
| Selling and distribution expenses | (21,591) | (35,722) | (25,061) | (7,531) | (9,153) |
| Administrative expenses | (47,124) | (88,495) | (131,402) | (47,358) | (76,274) |
| Other expenses, net | (5,277) | (18,968) | (34,359) | (25,392) | (14,967) |
| Finance costs | (8,712) | (14,640) | (34,697) | (12,849) | (23,388) |
| **Profit before tax** | 15,575 | 140,996 | 164,415 | 35,218 | 37,448 |
| Income tax expense | (5,894) | (20,250) | (23,192) | (5,711) | (9,385) |
| **Profit for the year/period attributable to:** | | | | | |
| Owners of the Company | 9,309 | 120,746 | 141,223 | 29,507 | 28,063 |
| Non-controlling interest | 372 | – | – | – | – |
| **Profit for the year/period** | **9,681** | **120,746** | **141,223** | **29,507** | **28,063** |

***Revenue***

We generate revenue primarily from sales under our SI and IBO businesses. Under our SI business, we earn revenue primarily by selling gen-sets and PGSs to our customers. Under our IBO business, we generally earn revenue 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. Our revenue was HK$575.8 million, HK$929.8 million, HK$1,212.8 million, HK$294.9 million and HK$509.0 million for the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2015 and 2016, respectively.

We have entered into various fixed term operating agreements with customers under our IBO business. Most of the operating agreements are for terms of two to five years. Fees usually consist of a minimum contracted amount and an amount calculated on the basis of the electricity generated by the DPG stations. For more details, see "Business — IBO Business — Our Operating Agreements". The fees are fixed either in local currency or U.S. dollars and paid by the intermediate off-takers we work with in each of the countries we operate or the ultimate off-takers. See "Business — IBO Business — Our Operating Agreements" for more details on the payment arrangements.

The table below sets forth a revenue breakdown for each of our business segments, both in actual amounts and as a percentage of total revenue for the Track Record Period:

| | Year ended December 31, | | | | | | Five months ended May 31, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2013 | | 2014 | | 2015 | | 2015 | | 2016 | |
| | (HK$ in thousands) | (% of total revenue) | (HK$ in thousands) | (% of total revenue) | (HK$ in thousands) | (% of total revenue) | (HK$ in thousands) | (% of total revenue) | (HK$ in thousands) | (% of total revenue) |
| SI | 535,543 | 93.0 | 785,454 | 84.5 | 965,587 | 79.6 | 202,643 | 68.7 | 376,890 | 74.0 |
| IBO | 40,234 | 7.0 | 144,327 | 15.5 | 247,256 | 20.4 | 92,229 | 31.3 | 132,121 | 26.0 |
| **Total** | **575,777** | **100.0** | **929,781** | **100.0** | **1,212,843** | **100.0** | **294,872** | **100.0** | **509,011** | **100.0** |

*Revenue by geographical locations*

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

| | Year ended December 31, | | | | | | Five months ended May 31, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2013 | | 2014 | | 2015 | | 2015 | | 2016 | |
| | (HK$ in thousands) | (% of total revenue) | (HK$ in thousands) | (% of total revenue) | (HK$ in thousands) | (% of total revenue) | (HK$ in thousands) | (% of total revenue) | (HK$ in thousands) | (% of total revenue) |
| Hong Kong | 21,708 | 3.8 | 20,575 | 2.2 | 143,520 | 11.8 | 34,904 | 11.8 | 9,952 | 1.9 |
| Mainland China | 378,671 | 65.8 | 312,066 | 33.6 | 506,054 | 41.7 | 114,384 | 38.8 | 203,368 | 40.0 |
| Other Asian countries/ territories[1] | 119,534 | 20.8 | 450,893 | 48.5 | 313,595 | 25.9 | 53,298 | 18.1 | 163,473 | 32.1 |
| Other countries/ territories[2] | 15,630 | 2.6 | 1,920 | 0.2 | 2,418 | 0.2 | 57 | 0.0 | 97 | 0.0 |
| **Total** | **535,543** | **93.0** | **785,454** | **84.5** | **965,587** | **79.6** | **202,643** | **68.7** | **376,890** | **74.0** |

Notes:

(1) Other Asian countries/territories include Singapore, Israel, South Korea, UAE, the Philippines, Malaysia, Indonesia, Mongolia, Thailand and Macau.

(2) Other countries/territories includes Australia, South Africa, the United States, other countries in Africa, Mexico, Brazil, Venezuela and Germany.

Our contracts for our IBO business are primarily denominated in U.S. dollars and IDR. The table below sets forth a revenue breakdown for our IBO business by geographical markets for the periods indicated, both in actual amounts and as a percentage of total revenue:

| | Year ended December 31, | | | | | | Five months ended May 31, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2013 | | 2014 | | 2015 | | 2015 | | 2016 | |
| | (HK$ in thousands) | (% of total revenue) | (HK$ in thousands) | (% of total revenue) | (HK$ in thousands) | (% of total revenue) | (HK$ in thousands) | (% of total revenue) | (HK$ in thousands) | (% of total revenue) |
| Indonesia[1] | 30,901 | 5.4 | 78,371 | 8.4 | 109,521 | 9.0 | 39,172 | 13.3 | 50,321 | 9.9 |
| Bangladesh[2] | 9,333 | 1.6 | 65,956 | 7.1 | 92,171 | 7.6 | 38,475 | 13.0 | 38,100 | 7.5 |
| Myanmar[2] | – | – | – | – | 45,564 | 3.8 | 14,582 | 5.0 | 43,700 | 8.6 |
| **Total** | **40,234** | **7.0** | **144,327** | **15.5** | **247,256** | **20.4** | **92,229** | **31.3** | **132,121** | **26.0** |

Notes:

(1) Our contracts are denominated in IDR and recorded in Hong Kong Dollars during the Track Record Period.

(2) Our contracts are denominated in U.S. dollars and recorded in Hong Kong Dollars during the Track Record Period.

***Cost of sales***

Under our SI business, our cost of sales consists of cost of goods sold and services provided, staff cost, rental cost and depreciation. We use engines, radiators, alternators, other parts and ancillary equipment to produce gen-sets and PGSs. We incur rental costs for the land of our manufacturing facilities.

The table below shows a percentage breakdown of our cost of sales for our SI business during the Track Record Period:

| | Year ended December 31, | | | Five months ended May 31, | |
|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2015 | 2016 |
| | (% of total SI cost of sales) | | | | |
| Engines | 72.7 | 64.6 | 66.4 | 65.9 | 72.2 |
| Ancillary components[1] | 23.6 | 32.5 | 32.1 | 30.4 | 26.7 |
| Service and parts | 2.5 | 1.6 | 0.4 | 1.3 | 0.4 |
| Other[2] | 1.2 | 1.3 | 1.1 | 2.4 | 0.7 |
| **Total** | **100** | **100** | **100** | **100** | **100** |

Notes:

(1) Ancillary components consist of other major components for gen-sets including alternators and radiators.

(2) Other costs consist of overhead, staff costs, rental costs and depreciation.

Under our IBO business, our cost of sales includes depreciation and operating expenses. We utilize contractors to operate and maintain our DPG stations.

For the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2015 and 2016, our cost of sales was HK$483.8 million, HK$681.3 million, HK$868.9 million, HK$188.3 million and HK$353.4 million, respectively.

The table below sets forth a breakdown of the components of our cost of sales for each of our business segments for the periods indicated, both in actual amounts and as a percentage of total cost of sales:

| | Year ended December 31, | | | | | | Five months ended May 31, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2013 | | 2014 | | 2015 | | 2015 | | 2016 | |
| | (HK$ in thousands) | (% of total cost of sales) | (HK$ in thousands) | (% of total cost of sales) | (HK$ in thousands) | (% of total cost of sales) | (HK$ in thousands) | (% of total cost of sales) | (HK$ in thousands) | (% of total cost of sales) |
| SI | | | | | | | | | | |
| Cost of goods sold and services provided | 465,873 | 96.3 | 628,649 | 92.2 | 755,423 | 86.8 | 151,906 | 80.6 | 297,463 | 84.2 |
| Staff cost | 4,317 | 0.9 | 6,299 | 0.9 | 6,643 | 0.8 | 2,945 | 1.6 | 1,298 | 0.3 |
| Rental | 1,350 | 0.3 | 1,238 | 0.2 | 1,309 | 0.2 | 551 | 0.3 | 563 | 0.2 |
| Depreciation | 233 | 0.0 | 398 | 0.1 | 452 | 0.1 | 165 | 0.1 | 133 | 0.0 |
| **Total — SI** | **471,773** | **97.5** | **636,584** | **93.4** | **763,827** | **87.9** | **155,567** | **82.6** | **299,457** | **84.7** |

| | Year ended December 31, | | | | | | Five months ended May 31, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2013 | | 2014 | | 2015 | | 2015 | | 2016 | |
| | (HK$ in thousands) | (% of total cost of sales) | (HK$ in thousands) | (% of total cost of sales) | (HK$ in thousands) | (% of total cost of sales) | (HK$ in thousands) | (% of total cost of sales) | (HK$ in thousands) | (% of total cost of sales) |
| IBO | | | | | | | | | | |
| Depreciation | 6,087 | 1.3 | 23,773 | 3.5 | 65,231 | 7.5 | 21,612 | 11.5 | 33,483 | 9.5 |
| Operation expense | 5,943 | 1.2 | 20,981 | 3.1 | 39,797 | 4.6 | 11,115 | 5.9 | 20,448 | 5.8 |
| **Total — IBO** | **12,030** | **2.5** | **44,754** | **6.6** | **105,028** | **12.1** | **32,727** | **17.4** | **53,931** | **15.3** |
| **Total** | **483,803** | **100.0** | **681,338** | **100.0** | **868,855** | **100.0** | **188,294** | **100.0** | **353,388** | **100.0** |

***Gross profit and gross margin***

Our gross profit was HK$92.0 million, HK$248.4 million, HK$344.0 million, HK$106.6 million and HK$155.6 million for the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2015 and 2016, respectively. Our gross margin was 16.0%, 26.7%, 28.4%, 36.1% and 30.6% for the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2015 and 2016, respectively. Our gross margin has generally increased during the Track Record Period due to the higher relative growth of the IBO business, which has a higher gross margin than the SI business.

*Gross profit and gross margin by segment*

The table below sets forth a breakdown of our gross profit, both in actual amounts and as a percentage of total gross profit, and our gross margin for each of our business segments for the Track Record Period:

| | Year ended December 31, | | | | | | | | | Five months ended May 31, | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2013 | | | 2014 | | | 2015 | | | 2015 | | | 2016 | | |
| | (HK$ in thousands) | (% of total gross profit) | (gross margin %) | (HK$ in thousands) | (% of total gross profit) | (gross margin %) | (HK$ in thousands) | (% of total gross profit) | (gross margin %) | (HK$ in thousands) | (% of total gross profit) | (gross margin %) | (HK$ in thousands) | (% of total gross profit) | (gross margin %) |
| SI | 63,770 | 69.3 | 11.9 | 148,870 | 59.9 | 19.0 | 201,760 | 58.7 | 20.9 | 47,076 | 44.2 | 23.2 | 77,433 | 49.8 | 20.5 |
| IBO | 28,204 | 30.7 | 70.1 | 99,573 | 40.1 | 69.0 | 142,228 | 41.3 | 57.5 | 59,502 | 55.8 | 64.5 | 78,190 | 50.2 | 59.2 |
| **Total** | **91,974** | **100.0** | **16.0** | **248,443** | **100.0** | **26.7** | **343,988** | **100.0** | **28.4** | **106,578** | **100.0** | **36.1** | **155,623** | **100.0** | **30.6** |

During the Track Record Period, the gross margin of our SI business has been generally increasing due to the depreciation of the Euro and the gross margin of our IBO business has been generally decreasing due to the depreciation of the IDR. The gross margin of our SI business decreased from the five months ended May 31, 2015 to the five months ended May 31, 2016 due to a change in our customer mix with the receipt of significant orders in 2015 with relatively higher gross margins.

***Other income and gains***

Other income primarily consists of bank and other interest income, management fee income, income from contract assignment/novation, rental income, government grants, sales deposit forfeited and insurance claims. Gains primarily consist of net gain on settlements of derivative financial instruments, fair value gain on derivative financial instrument, fair value gain on an investment property, net gain on disposal of items of property, plant and equipment and net foreign exchange differences. For the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2015 and 2016, our other income and gains were HK$6.3 million, HK$50.4 million, HK$45.9 million, HK$21.8 million and HK$5.6 million, respectively.

The following table sets forth the breakdown of our other income and gains for the periods indicated:

| | Year ended December 31, | | | Five months ended May 31, | |
|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2015 | 2016 |
| | (HK$ in thousands) | | | | |
| **Other income** | | | | | |
| Bank interest income | 90 | 1,722 | 2,301 | 1,434 | 334 |
| Other interest income | – | 1,806 | 3,827 | 760 | 939 |
| Management fee income | 30 | – | – | – | – |
| Income from contract assignment/novation | – | – | 9,250 | 3,814 | 3,826 |
| Rental income | 296 | 888 | 872 | 370 | 350 |
| Government grants | 3,320 | 1,776 | 3,031 | 481 | – |
| Sales deposit forfeited | 127 | 84 | 2,993 | – | – |
| Insurance claim | – | – | 3,023 | – | – |
| Others | 384 | 2,059 | 4,042 | 2,162 | 44 |
| | **4,247** | **8,335** | **29,339** | **9,021** | **5,493** |
| **Gains** | | | | | |
| Net gain on settlement of derivative financial instruments | 1,949 | 298 | – | – | – |
| Fair value gain on derivative financial instrument | – | – | 8,046 | – | 114 |
| Fair value gain on an investment property | 100 | 400 | – | – | – |
| Gain on disposal of items of property, plant and equipment, net | 9 | 105 | 177 | – | – |
| Foreign exchange differences, net | – | 41,240 | 8,384 | 12,749 | – |
| | **2,058** | **42,043** | **16,607** | **12,749** | **114** |
| **Total other income and gains** | **6,305** | **50,378** | **45,946** | **21,770** | **5,607** |

Our bank interest income primarily relates to interest on bank deposits and our other interest income primarily relates to long-term repayment amounts due from a customer. We recorded income from contract assignment/novation in connection with the novation of the underlying operating agreement for the Chad Project to VPower Technology Chad. For more details, see "History, Reorganization and Corporate Structure — Disposal of operations in Chad" and "Connected Transactions — Project Income Agreement". Our government grants relate to grants received in the PRC in recognition of our achievement in high

technology. These grants are non-recurring in nature. We recorded sales deposit forfeited due to forfeited customer deposits, primarily when customers abandon their project. We recorded insurance claims in connection with our pending insurance claim for equipment damaged by fire in Bangladesh. In addition, we recorded net gain on settlement and fair value gain of derivative financial instruments in connection with our hedging contracts. For more information about our hedging contracts, see "Market Risks — Currency Risk". We recorded net foreign exchange differences primarily due to the Euro depreciating in 2014 and 2015.

***Selling and distribution expenses***

Our selling and distribution expenses primarily consist of costs for transportation and traveling, commission, insurance, staff cost and others, primarily for our SI business. For the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2015 and 2016, our selling and distribution expenses were HK$21.6 million, HK$35.7 million, HK$25.1 million, HK$7.5 million and HK$9.2 million, respectively.

The following table sets forth the breakdown of our selling and distribution expenses for the periods indicated:

| | Year ended December 31, | | | Five months ended May 31, | |
|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2015 | 2016 |
| | (HK$ in thousands) | | | | |
| Transportation and traveling | 7,942 | 15,437 | 13,221 | 4,557 | 5,582 |
| Commission | 6,482 | 12,624 | 6,391 | 915 | 1,151 |
| Insurance | 3,914 | 3,068 | 626 | 350 | 147 |
| Staff cost | 1,387 | 2,049 | 1,977 | 813 | 930 |
| Others | 1,866 | 2,544 | 2,846 | 896 | 1,343 |
| **Total** | **21,591** | **35,722** | **25,061** | **7,531** | **9,153** |

We incurred costs for the transportation and traveling of our products for our SI business and consumables used in connection with maintenance of our DPG stations under our IBO business. We expect commission to fluctuate based on the level of sales we undertake in a given period. Our insurance for our SI business decreased during the Track Record Period due to a decrease in credit insurance, as a result of an increasing proportion of sales guaranteed by letters of credit. Other expenses mainly represent selling expenses, such as advertising expenses, packaging expenses and rental expenses.

***Administrative expenses***

Our administrative expenses primarily consist of administrative service fees paid to an intermediate off-taker and an administrative service provider of our DPG station in Bangladesh, staff cost, legal and professional fees and office and other expense. Office and other expenses include bank charges, advertising, exhibition and related promotion expense and headquarter expenses. Insurance for our IBO business is recorded as administrative expenses. For the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2015 and 2016, our administrative expenses were HK$47.1 million, HK$88.5 million, HK$131.4 million, HK$47.4 million and HK$76.3 million, respectively. Our administrative expenses have generally increased in line with our business growth. Our administrative services fees increased from HK$2.4 million in 2013 to HK$29.8 million for both 2014 and 2015, due to our entering into the relevant agreements with the intermediate off-taker and administrative service provider for our DPG station in

Bangladesh that entered into commercial operation in late 2013 and making payments starting in December 2013, with the full year impact recorded in 2014 and 2015. The administrative service fees paid to the intermediate off-taker and the administrative service provider are fixed fees of US$200,000 and US$120,000 per month, respectively, for a term of 5 years.

The following table sets forth the breakdown of our administrative expenses for the periods indicated:

| | Year ended December 31, | | | Five months ended May 31, | |
|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2015 | 2016 |
| | (HK$ in thousands) | | | | |
| Administrative service fee | 2,377 | 29,760 | 29,760 | 12,400 | 12,400 |
| Staff cost | 22,802 | 24,094 | 43,509 | 18,896 | 19,246 |
| Legal & professional Fee | 6,498 | 7,884 | 12,398 | 3,344 | 24,316 |
| Traveling and related expenses | 5,782 | 6,963 | 10,440 | 3,308 | 5,320 |
| Office and other expenses | 4,548 | 11,133 | 16,866 | 5,005 | 7,117 |
| Insurance expenses | 533 | 2,423 | 7,253 | 1,770 | 3,886 |
| Rental expenses | 2,714 | 3,343 | 5,416 | 1,913 | 3,069 |
| Depreciation | 1,870 | 2,895 | 5,760 | 722 | 920 |
| **Total** | **47,124** | **88,495** | **131,402** | **47,358** | **76,274** |

***Other expenses, net***

Our net other expenses primarily consist of net loss on settlement of derivative financial instrument and net foreign exchange differences. For the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2015 and 2016, our net other expenses were HK$5.3 million, HK$19.0 million, HK$34.4 million, HK$25.4 million and HK$15.0 million, respectively. One of our major foreign currency forward contracts for hedging the fluctuation of the Euro expired in September 2015 and was not renewed. We intend to continue to enter into smaller currency hedging instruments going forward. For more analysis on our exposure to currency risks, see "— Market Risks — Currency Risks".

***Finance costs***

Our finance costs primarily consist of interest and other finance costs on letters of credit, bank loans and overdrafts, notional interest on other payables and interest on finance leases. For the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2015 and 2016, our finance costs were HK$8.7 million, HK$14.6 million, HK$34.7 million, HK$12.8 million and HK$23.4 million, respectively.

We record notional interest on other payables, relating to our EPC installment payments to our project co-developer and EPC contractors. We record the present value of our EPC installment payments, discounted at a rate based on our weighted average cost of bank borrowings, as other payable.

***Income tax expense***

Our income tax expense primarily consists of income tax payable by our subsidiaries in the PRC and Hong Kong.

Under PRC laws, our Shenzhen subsidiary is subject to a preferential enterprise income tax rate of 15%, as it was registered as a "high and new technology enterprise" in 2013 for a term of three years. Such

qualification is reviewed and renewed every three years. If we are not able to continue to enjoy such preferential enterprise income tax rate in the future, our Shenzhen subsidiary will be subject to a 25% enterprise income tax rate. Our Shenzhen subsidiary is also subject to a withholding tax at a rate of 5% for the profits distributed to its immediate holding company outside the PRC. There are no transfer pricing arrangements arising from, or in connection with, our operations in Shenzhen and our associated tax liabilities. In connection with our tax filings in the PRC, we have hired an independent certified public accountant and tax consultant to prepare annual "transfer pricing" advisory reports which are submitted to the relevant PRC taxation authority on an annual and recurring basis. The relevant PRC taxation authority relies on the contents of the reports to determine the applicable tax rate and actual tax payable by us in relation to our operations in Shenzhen.

Under Hong Kong law, our Hong Kong subsidiaries are subject to a profit tax rate of 16.5% on the assessable profits arising in, or derived from, Hong Kong. Hong Kong adopts a territorial basis of taxation. Our Hong Kong subsidiaries' revenue from the IBO business in Myanmar, Indonesia and Bangladesh is not chargeable to Hong Kong profits tax since such revenue is generated from the provision of distributed power solutions, including the design, investment in, building, lease and operation of DPG stations located outside Hong Kong.

Under Singapore law, our Singapore subsidiaries are subject to a prevailing tax rate of 17% on the foreign sourced income received or deemed received in Singapore.

Under Myanmar law, we are subject to a withholding tax at a rate of 3.5% on rental and service fee payments we receive from our off-taker in Myanmar. After consultation with our Myanmar tax advisor, in concluding that only a withholding tax is applicable to payments we receive from our off-taker in Myanmar, the Directors considered the form of transaction and the income recipient under Myanmar's Income Tax Law. The payments are received pursuant to a rental and service payment transaction and are received by one of our Singapore subsidiaries, which is a non-resident entity. Under our operating agreements for our DPG stations in Myanmar, we are responsible for paying the withholding tax on service fees, while our off-taker will cover the withholding tax on the rental fees.

Under Indonesia law, we are subject to a withholding tax at a maximum rate of 5% on payments from our intermediate off-takers in Indonesia, provided we satisfy certain requirements set forth in the tax treaty between Indonesia and Hong Kong and we are deemed a non-resident without a permanent establishment. Based on the consultation with our Indonesian tax advisor, the Directors were of the view that there is a relatively low risk that our activities in Indonesia would render us a permanent establishment, since our employees only have a limited presence in Indonesia as we primarily subcontract the daily operation and routine maintenance of our DPG stations to local subcontractors. Furthermore, we have subcontracted the construction of our DPG stations to our EPC contractor and supervise the construction through short visits to Indonesia. After consultation with our Indonesian tax advisor, the Directors are also of the view that any visits by our employees to supervise the construction progress of our DPG stations would unlikely render us a permanent establishment, as such visits are less than 183 days in a given year, the threshold prescribed in the tax treaty between Indonesia and Hong Kong. In addition, under our operating agreements with the intermediate off-takers in Indonesia, the intermediate off-takers have agreed to pay any withholding tax exceeding the 5% maximum rate.

Under Bangladesh law, we would typically be subject to a withholding tax at a rate of 15% for payments made by our intermediate off-taker in Bangladesh to us under our operating agreement. However, due to the business nature of our intermediate off-taker and its power supply agreement with BPDB, the intermediate off-taker advised us that the fee payable to our intermediate off-taker from BPDB

under the power supply agreement is exempted from any tax payment including withholding tax pursuant to the exemption under Statutory Regulatory Order ("**SRO**") No. 188-Law/Income Tax/2009 and SRO No. 235-Law/Income Tax/2011. Based on the consultation with our Bangladeshi tax advisor, the Directors were of the view that the tax exemption associated with the fee payable in relation to the Pagla DPG station entitled to by the intermediate off-taker is imputed to us for the relevant fee payments made by the intermediate off-taker to us under the operating agreement in Bangladesh in accordance with SRO No. 235-Law/Income Tax/2011. Furthermore, based on the consultation with our Bangladeshi tax advisor, the Directors were of the view that, as the fee payable from the intermediate off-taker to us under the operating agreement is subject to withholding tax but is exempted under the applicable SRO, we are correspondingly not subject to any corporate income tax in Bangladesh as we do not have any legal entity nor presence in Bangladesh. Furthermore, our intermediate off-taker in Bangladesh has agreed to bear and discharge all potential tax liabilities under the laws of Bangladesh for which we may be liable under our operating agreement.

As of the Latest Practicable Date, we did not receive any notice from any tax regulator nor were we involved in any tax investigation regarding our tax compliance in any jurisdiction.

Except as disclosed above or as otherwise disclosed herein, during the Track Record Period, we did not have any assessable income in the Cayman Islands, the BVI or any other jurisdiction where we have operations.

For the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2015 and 2016, our income tax expense was HK$5.9 million, HK$20.3 million, HK$23.2 million, HK$5.7 million and HK$9.4 million, and our effective income tax rate was 37.8%, 14.4%, 14.1%, 16.2% and 25.1%, respectively. Our effective income tax rate in 2013 was higher than 2014 and 2015 because we incurred a one time equity-settled share-based payment expense of HK$9.6 million in 2013 that was not tax deductible. Our effective income tax rate for the five months ended May 31, 2016 was higher than the five months ended May 31, 2015, primarily due to (i) a higher share of IBO business in the five months ended May 31, 2015 compared to the five months ended May 31, 2016, which was subject to a lower tax rate than our SI business, and (ii) listing expenses of HK$22.1 million we incurred during the five months ended May 31, 2016 which were not tax deductible.

As of the Latest Practicable Date and during the Track Record Period, we had fulfilled all our tax obligations and did not have any unresolved tax disputes.

**OTHER FINANCIAL DATA**

We have presented EBITDA in this prospectus, which is a non-HKFRS financial measure. EBITDA represents profit for the year before income tax expense, finance costs, depreciation and amortization. We believe that, when viewed with our results of operations as prepared in accordance with HKFRS and with the reconciliation to profit for the year/period, EBITDA provides additional information that is useful in gaining a more complete understanding of our operational performance and of the trends impacting our business. EBITDA is an important metric we use to evaluate our operating performance and cash generation.

However, the use of the EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under HKFRS. Some of these limitations are: (a) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements; (b) EBITDA

does not reflect changes in, or cash requirements for, our working capital needs; (c) EBITDA does not reflect the potentially dilutive impact of equity-based compensation; (d) EBITDA does not reflect tax payments that may represent a reduction in cash available to us; and (e) other companies, including companies in our industry, may calculate EBITDA or similarly titled measures differently, which reduces their usefulness as a comparative measure. Due to these and other limitations, you should consider EBITDA alongside our other HKFRS-based financial performance measures, such as profit for the year and our other HKFRS financial results.

The following table presents a reconciliation of EBITDA to profit for the year/period, the most directly comparable HKFRS measure, for each of the periods indicated:

| | Year ended December 31, | | | Five months ended May 31, | |
|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2015 | 2016 |
| | (HK$ in thousands) | | | | |
| Profit for the year/period | 9,681 | 120,746 | 141,223 | 29,507 | 28,063 |
| Adjustments: | | | | | |
| Income tax expense | 5,894 | 20,250 | 23,192 | 5,711 | 9,385 |
| Finance costs | 8,712 | 14,640 | 34,697 | 12,849 | 23,388 |
| Depreciation | 8,190 | 27,066 | 71,443 | 24,254 | 34,542 |
| **EBITDA** | **32,477** | **182,702** | **270,555** | **72,321** | **95,378** |

## RESULTS OF OPERATIONS

### Five Months Ended May 31, 2015 compared to Five Months Ended May 31, 2016

#### *Revenue*

Our revenue increased by 72.6% to HK$509.0 million for the five months ended May 31, 2016 from HK$294.9 million for the five months ended May 31, 2015.

Our SI business revenue increased by 86.0% to HK$376.9 million for the five months ended May 31, 2016 from HK$202.6 million for the five months ended May 31, 2015, primarily due to an increase in sales under our SI business in China and Singapore, which was partially offset by a decrease in sales in Hong Kong.

Our IBO revenue increased by 43.3% to HK$132.1 million for the five months ended May 31, 2016 from HK$92.2 million for the five months ended May 31, 2015, primarily due to (i) a new project in Myanmar with an installed capacity of 49.9MW, which commenced operation in March 2016, (ii) the full-period impact of a project in Indonesia with an installed capacity of 56.2MW, which commenced operation in May 2015, and (iii) the full-period impact of a project in Myanmar with an installed capacity of 49.9MW, which commenced operation in March 2015.

#### *Cost of sales*

Our cost of sales increased by 87.7% to HK$353.4 million for the five months ended May 31, 2016 from HK$188.3 million for the five months ended May 31, 2015. The increase was primarily due to an increase in the cost of goods sold and services provided under our SI business of 95.9% to HK$297.5 million

for the five months ended May 31, 2016 from HK$151.9 million for the five months ended May 31, 2015, in line with the growth in sales under our SI business. Cost of sales for our IBO business increased by 64.8% to HK$53.9 million for the five months ended May 31, 2016 from HK$32.7 million for the five months ended May 31, 2015, primarily due to the growth of our DPG stations under our IBO business.

***Gross profit and gross margin***

Our gross profit increased by 46.0% to HK$155.6 million for the five months ended May 31, 2016 from HK$106.6 million for the five months ended May 31, 2015. Our gross margin decreased to 30.6% for the five months ended May 31, 2016 from 36.1% for the five months ended May 31, 2015. Such decrease was primarily due to the higher relative growth of our SI business, which has lower margins as compared to our IBO business.

***Other income and gains***

Our other income and gains decreased by 74.3% to HK$5.6 million for the five months ended May 31, 2016 from HK$21.8 million for the five months ended May 31, 2015, primarily due to a decrease in foreign exchange gains due to the Euro depreciating in the five months ended May 31, 2015 but appreciating in the five months ended May 31, 2016.

***Selling and distribution expenses***

Our selling and distribution expenses increased by 22.7% to HK$9.2 million for the five months ended May 31, 2016 from HK$7.5 million for the five months ended May 31, 2015, primarily due to increased commission and transportation costs incurred mainly from our increased SI sales.

***Administrative expenses***

Our administrative expenses increased by 61.0% to HK$76.3 million for the five months ended May 31, 2016 from HK$47.4 million for the five months ended May 31, 2015, primarily due to (i) an increase in legal and professional fee mainly due to the listing expenses we incurred during the five months ended May 31, 2016, (ii) an increase in office and other expenses as we expanded our business, (iii) an increase in insurance expenses mainly due to an increase in insurance as a result of entering into new policies in respect of our new DPG stations under our IBO business, and (iv) an increase in traveling and related expenses mainly due to the growth of our DPG stations under our IBO business.

***Other expenses, net***

Our net other expenses decreased by 40.9% to HK$15.0 million for the five months ended May 31, 2016 from HK$25.4 million for the five months ended May 31, 2015, primarily due to (i) a decrease in net loss on settlement of derivative financial instruments, and (ii) a fair value gain on derivative financial instrument recorded during the five months ended May 31, 2016, compared with a fair value loss on derivative financial instrument recorded during the five months ended May 31, 2015, both were due to the appreciation of the Euro against the Hong Kong dollar during the five months ended May 31, 2016, partially offset by an increase in foreign exchange loss due to the appreciation of the Euro against the Hong Kong dollar during the five months ended May 31, 2016.

***Finance costs***

Our finance costs increased by 82.8% to HK$23.4 million for the five months ended May 31, 2016 from HK$12.8 million for the five months ended May 31, 2015, primarily due to an increase in payables under our EPC contracts and our increased bank borrowings as well as increased interest on finance leases as we entered into two finance lease agreements in December 2015.

***Income tax expenses***

Our income tax expenses increased by 64.9% to HK$9.4 million for the five months ended May 31, 2016 from HK$5.7 million for the five months ended May 31, 2015, primarily due to an increase in our taxable income. Our effective tax rate was 16.2% and 25.1% for the five months ended May 31, 2015 and 2016, respectively. The increase in effective tax rate was primarily due to (i) a higher share of IBO business in the five months ended May 31, 2015 than the five months ended May 31, 2016, which was subject to a lower tax rate than our SI business, and (ii) listing expenses of HK$22.1 million which we incurred during the five months ended May 31, 2016 which were not tax deductible.

***Profit for the period***

As a result of the foregoing, our profit for the period decreased by 4.7% to HK$28.1 million for the five months ended May 31, 2016 from HK$29.5 million for the five months ended May 31, 2015.

**Year Ended December 31, 2015 compared to Year Ended December 31, 2014**

***Revenue***

Our revenue increased by 30.4% to HK$1,212.8 million for the year ended December 31, 2015 from HK$929.8 million for the year ended December 31, 2014.

Our SI business revenue increased by 22.9% to HK$965.6 million for the year ended December 31, 2015 from HK$785.5 million for the year ended December 31, 2014, primarily due to an increase in sales under our SI business in Asia, in particular China, which was partially offset by a decrease in sales to the Middle East.

Our IBO revenue increased substantially by 71.4% to HK$247.3 million for the year ended December 31, 2015 from HK$144.3 million for the year ended December 31, 2014, primarily due to (i) a new project in Myanmar with an installed capacity of 49.9MW, which commenced operation in March 2015, (ii) a new project in Indonesia with an installed capacity of 56.2MW, which commenced operation in May 2015, (iii) the full-year impact of the Bangladesh project which completed its upgrade in September 2014 and (iv) the full-year impact of a project in Indonesia with an installed capacity of 65.8MW, which commenced operation in June 2014.

***Cost of sales***

Our cost of sales increased by 27.5% to HK$868.9 million for the year ended December 31, 2015 from HK$681.3 million for the year ended December 31, 2014. The increase was primarily due to an increase in the cost of goods sold and services provided under our SI business of 20.2% to HK$755.4 million for the year ended December 31, 2015 from HK$628.6 million for the year ended December 31, 2014, in

line with the growth in sales under our SI business. Cost of sales for our IBO business also increased substantially to HK$105.0 million for the year ended December 31, 2015 from HK$44.8 million for the year ended December 31, 2014, primarily due to the growth of our DPG stations under our IBO business.

***Gross profit and gross margin***

Our gross profit increased by 38.5% to HK$344.0 million for the year ended December 31, 2015 from HK$248.4 million for the year ended December 31, 2014. Our gross margin increased to 28.4% for the year ended December 31, 2015 from 26.7% for the year ended December 31, 2014. Such increase was primarily due to the higher relative growth of our IBO business, which has higher margins as compared to our SI business.

***Other income and gains***

Our other income and gains decreased by 8.9% to HK$45.9 million for the year ended December 31, 2015 from HK$50.4 million for the year ended December 31, 2014, primarily due to a decrease in foreign exchange gains compared to 2014 as the Euro had stabilized in 2015, partially offset by income from contract assignment/novation in 2015 as a result of our novating the underlying operating agreement for the Chad Project to VPower Technology Chad. See "History, Reorganization and Corporate Structure — Reorganization — Disposal of operations in Chad" and "Connected Transactions — Project Income Agreement" in this prospectus.

***Selling and distribution expenses***

Our selling and distribution expenses decreased by 29.7% to HK$25.1 million for the year ended December 31, 2015 from HK$35.7 million for the year ended December 31, 2014, primarily due to reduced sales in the Middle East under the SI business, which reduced commission and transportation costs incurred.

***Administrative expenses***

Our administrative expenses increased by 48.5% to HK$131.4 million for the year ended December 31, 2015 from HK$88.5 million for the year ended December 31, 2014, primarily due to an increase in staff costs and office-related costs as we expanded our business.

***Other expenses, net***

Our net other expenses increased by 81.1% to HK$34.4 million for the year ended December 31, 2015 from HK$19.0 million for the year ended December 31, 2014, primarily due to a net loss on settlement of derivative financial instruments of HK$28.6 million in 2015 due to the depreciation of the Euro.

***Finance costs***

Our finance costs increased by 137.7% to HK$34.7 million for the year ended December 31, 2015 from HK$14.6 million for the year ended December 31, 2014, primarily due to increased bank borrowings.

***Income tax expenses***

Our income tax expenses increased by 14.3% to HK$23.2 million for the year ended December 31, 2015 from HK$20.3 million for the year ended December 31, 2014, primarily due to an increase in our

taxable income. Our effective tax rate was 14.1% for 2015 and 14.4% for 2014. The decrease in effective tax rate was due to an increase in sales under our IBO business, which was subject to a lower tax rate.

***Profit for the year***

As a result of the foregoing, our profit for the year increased by 17.0% to HK$141.2 million for the year ended December 31, 2015 from HK$120.7 million for the year ended December 31, 2014.

**Year Ended December 31, 2014 compared to Year Ended December 31, 2013**

***Revenue***

Our revenue increased by 61.5% to HK$929.8 million for the year ended December 31, 2014 from HK$575.8 million for the year ended December 31, 2013.

Our SI business revenue increased by 46.7% to HK$785.5 million for the year ended December 31, 2014 from HK$535.5 million for the year ended December 31, 2013, primarily due to an increase in sales to the Middle East.

Our IBO business revenue increased substantially by 259.0% to HK$144.3 million for the year ended December 31, 2014 from HK$40.2 million for the year ended December 31, 2013, primarily due to revenue received from a DPG station in Bangladesh and a DPG station in Indonesia, both completed at the end of 2013, and projects in Indonesia, completed during 2014.

***Cost of sales***

Our cost of sales increased by 40.8% to HK$681.3 million for the year ended December 31, 2014 from HK$483.8 million for the year ended December 31, 2013. The increase was primarily due to an increase in the cost of goods sold and services provided under our SI business of 34.9% to HK$628.6 million for the year ended December 31, 2014 from HK$465.9 million for the year ended December 31, 2013, in line with the growth in sales under our SI business. Cost of sales for our IBO business also increased substantially to HK$44.8 million for the year ended December 31, 2014 from HK$12.0 million for the year ended December 31, 2013, primarily due to the growth of our DPG stations under our IBO business.

***Gross profit and gross margin***

Our gross profit increased by 170.0% to HK$248.4 million for the year ended December 31, 2014 from HK$92.0 million for the year ended December 31, 2013. Our gross margin increased to 26.7% for the year ended December 31, 2014 from 16.0% for the year ended December 31, 2013. Such increase was primarily due to the higher relative growth of our IBO business, which has higher margins as compared to our SI business.

***Other income and gains***

Our other income and gains increased by 700.0% to HK$50.4 million for the year ended December 31, 2014 from HK$6.3 million for the year ended December 31, 2013, primarily due to an increase in foreign exchange gains due to the depreciation of the Euro, the settlement currency of certain of our trade receivables.

***Selling and distribution expenses***

Our selling and distribution expenses increased by 65.3% to HK$35.7 million for the year ended December 31, 2014 from HK$21.6 million for the year ended December 31, 2013, primarily due to increased sales in the Middle East which increased commission and transportation costs incurred.

***Administrative expenses***

Our administrative expenses increased by 87.9% to HK$88.5 million for the year ended December 31, 2014 from HK$47.1 million for the year ended December 31, 2013, primarily due to the payment of administrative service fee to an intermediate off-taker and an administrative service provider of our DPG station in Bangladesh.

***Other expenses, net***

Our net other expenses increased by 258.5% to HK$19.0 million for the year ended December 31, 2014 from HK$5.3 million for the year ended December 31, 2013, primarily due to a fair value loss on derivative financial instrument in 2014 due to the depreciation of the Euro.

***Finance costs***

Our finance costs increased by 67.8% to HK$14.6 million for the year ended December 31, 2014 from HK$8.7 million for the year ended December 31, 2013, primarily due to an increase in long-term payables under our EPC contract, as well as an increase in our bank borrowings, partially offset by an increase in capitalized interest.

***Income tax expenses***

Our income tax expenses increased by 244.1% to HK$20.3 million for the year ended December 31, 2014 from HK$5.9 million for the year ended December 31, 2013, primarily due to an increase in our taxable income. The effective tax rate for 2013 and 2014 was 37.8% and 14.4%, respectively. The decrease in effective tax rate was due to an increase in sales under our IBO business, which was subject to a lower tax rate, and we incurred a one-time equity-settled share-based payment expense of HK$9.6 million in 2013 that was not tax deductible.

***Profit for the year***

As a result of the foregoing, our profit for the year increased by 1,144.3% to HK$120.7 million for the year ended December 31, 2014 from HK$9.7 million for the year ended December 31, 2013.

**LIQUIDITY AND CAPITAL RESOURCES**

Our principal sources of liquidity are cash generated from our operations and bank borrowings. Our principal uses of cash primarily include purchase of property, plant and equipment, repayment of bank loans, structured deposits and related interest expenses. As of December 31, 2013, 2014 and 2015, May 31, 2016 and September 30, 2016, we had cash and cash equivalents as stated in the combined statements of financial position of HK$27.4 million, HK$93.2 million, HK$286.9 million, HK$283.5 million and HK$286.4 million, respectively.

**Cash Flow**

The following table sets forth selected cash flow data from our combined statements of cash flows for the periods indicated:

| | Year ended December 31, | | | Five months ended May 31, | |
|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2015 | 2016 |
| | (HK$ in thousands) | | | | |
| Net cash generated from operating activities | 38,553 | 75,103 | 15,870 | 6,632 | 111,118 |
| Net cash used in investing activities | (98,677) | (502,641) | (162,224) | (12,909) | (98,499) |
| Net cash generated from/(used in) financing activities | 79,845 | 504,703 | 350,659 | (17,659) | (15,509) |
| Net increase/(decrease) in cash and cash equivalents | 19,721 | 77,165 | 204,305 | (23,936) | (2,890) |
| Cash and cash equivalents at beginning of year | (16,430) | 6,412 | 83,377 | 83,377 | 286,874 |
| Effect of foreign exchange rate changes, net | 3,121 | (200) | (808) | 51 | (446) |
| **Cash and cash equivalents at end of year/ period** | 6,412 | 83,377 | 286,874 | 59,492 | 283,538 |

| | Year ended December 31, | | | Five months ended May 31, | |
|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2015 | 2016 |
| | (HK$ in thousands) | | | | |
| Analysis of balances of cash and cash equivalents: | | | | | |
| Cash and bank balances | 27,438 | 93,243 | 186,608 | 59,492 | 183,189 |
| Non-pledged time deposit with original maturity of less than three months when acquired | – | – | 100,266 | – | 100,349 |
| Cash and cash equivalents as stated in the combined statements of financial position at end of year/period | 27,438 | 93,243 | 286,874 | 59,492 | 283,538 |
| Bank overdrafts | (21,026) | (9,866) | – | – | – |
| **Cash and cash equivalents as stated in the combined statements of cash flows at end of year/period** | 6,412 | 83,377 | 286,874 | 59,492 | 283,538 |

***Operating activities***

The following table summarizes our net cash flows generated from operating activities for the periods indicated:

| | Year ended December 31, | | | Five months ended May 31, | |
|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2015 | 2016 |
| | (HK$ in thousands) | | | | |
| Profit before tax | 15,575 | 140,996 | 164,415 | 35,218 | 37,448 |
| Non-cash adjustments | 26,181 | 56,554 | 92,809 | 44,594 | 59,592 |
| Profit for the year/period, adjusted for non-cash items | 41,756 | 197,550 | 257,224 | 79,812 | 97,040 |
| Changes in working capital: | | | | | |
| *Inventories* | (27,986) | (84,439) | (266,528) | (47,561) | (75,727) |
| *Trade receivables* | (99,977) | (94,674) | (439,233) | 7,125 | 142,245 |
| *Prepayments, deposits and other receivables* | (256) | (33,189) | 25,389 | 1,167 | 3,752 |
| *Trade and bills payables* | 114,093 | 81,327 | 466,781 | (38,120) | (40,788) |
| *Other payables and accruals* | 20,608 | 25,406 | 1,557 | 9,000 | (2,049) |
| **Cash generated from operating activities** | **48,238** | **91,981** | **45,190** | **11,423** | **124,473** |
| Interest element of finance lease rental payments | – | (3) | (4) | (2) | (2) |
| Hong Kong profits and overseas taxes paid | (9,685) | (16,875) | (29,316) | (4,789) | (13,353) |
| **Net cash generated from operating activities** | **38,553** | **75,103** | **15,870** | **6,632** | **111,118** |

Our net cash generated from operating activities was HK$111.1 million for the five months ended May 31, 2016. This net inflow was primarily a result of profit before tax of HK$37.4 million and positive non-cash item adjustment for depreciation of HK$34.5 million and finance costs of HK$23.4 million, increased by changes in working capital of HK$27.4 million and reduced by income tax paid of HK$13.4 million. Changes in working capital primarily comprised a decrease in trade receivable of HK$142.2 million, primarily due to settlement of receivables by customers, partially offset by (i) an increase in inventories of HK$75.7 million, primarily due to an anticipated increase in sales under our SI business in the second half of 2016, and (ii) a decrease in trade and bills payables of HK$40.8 million, primarily due to settlement of payables with our suppliers.

Our net cash generated from operating activities was HK$6.6 million for the five months ended May 31, 2015. This net inflow was primarily a result of profit before tax of HK$35.2 million and positive non-cash item adjustment for depreciation of HK$24.3 million and finance costs of HK$12.8 million, reduced by changes in working capital of HK$68.4 million and income tax paid of HK$4.8 million. Changes in working capital comprised (i) an increase in inventories of HK$47.6 million, primarily due to the accumulation of inventories for an anticipated increase in sales under our SI business, and (ii) a decrease in trade and bills payables of HK$38.1 million, primarily due to settlement of payables with our suppliers.

Our net cash generated from operating activities was HK$15.9 million in the year ended December 31, 2015. This net inflow was primarily a result of profit before tax of HK164.4 million and positive non-cash item adjustment for depreciation of HK$71.4 million and finance costs of HK$34.7 million, reduced by changes in working capital of HK$212.0 million and income tax paid of HK$29.3 million. Changes in working capital primarily comprised of (i) an increase in trade receivable of HK$439.2 million, primarily due to an increase in sales under our SI business, (ii) an increase in inventories of HK$266.5 million, primarily due to accumulation of inventories in the fourth quarter of 2015 for an anticipated

increase in sales under our SI business in the first half of 2016, partially offset by an increase in trade and bills payables of HK$466.8 million, primarily due to increase in purchase of inventories.

Our net cash generated from operating activities was HK$75.1 million in the year ended December 31, 2014. This net cash inflow was primarily a result of profit before tax of HK$141.0 million and positive non-cash item adjustment for depreciation of HK$27.1 million, primarily the depreciation of our DPG stations, reduced by changes in working capital of HK$105.6 million and income tax paid of HK$16.9 million. Changes in working capital primarily comprised (i) an increase in trade receivables of HK$94.7 million, primarily due to an increase in IBO business, (ii) an increase in inventories of HK$84.4 million, primarily due to our anticipated expansion in our SI business, and (iii) an increase in prepayments, deposits and other receivables of HK$33.2 million, primarily attributable to deposits for engine and spare part purchases and tender deposits for our IBO business. This was partially offset by (i) an increase in trade and bill payables of HK$81.3 million, primarily due to an increase in sales under our SI business and (ii) an increase in other payables and accruals of HK$25.4 million, primarily due to recording of installment payments to be paid for two completed DPG stations.

Our net cash generated from operating activities was HK$38.6 million in the year ended December 31, 2013. This net cash inflow was primarily a result of profit before tax of HK$15.6 million, increased by changes in working capital of HK$6.5 million and reduced by income tax paid of HK$9.7 million. Changes in working capital primarily comprised of an increase in trade and bills payables of HK$114.1 million, primarily due to an increase in sales in our SI business, partially offset by an increase in trade receivables of HK$100.0 million, primarily due to an increase in sales in our SI business.

***Investing activities***

The following table summarizes our net cash flows used in investing activities for the periods indicated:

| | Year ended December 31, | | | Five months ended May 31, | |
|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2015 | 2016 |
| | (HK$ in thousands) | | | | |
| Interest received | 90 | 1,111 | 2,912 | 2,045 | 334 |
| Purchases of items of property, plant and equipment | (35,456) | (294,346) | (147,519) | (28,753) | (66,759) |
| Increase in deposits paid for purchases of property, plant and equipment | (67,853) | (104,337) | (5,406) | (3,953) | – |
| Proceeds from disposal of items of property, plant and equipment | 27 | 105 | – | – | – |
| Decrease/(increase) in pledged deposits | 7,187 | (103,105) | (9,400) | 16,794 | (25,735) |
| Decrease/(increase) in amount due from related companies, a director and a shareholder | (2,672) | (2,069) | (2,811) | 958 | (6,339) |
| **Net cash used in investing activities** | **(98,677)** | **(502,641)** | **(162,224)** | **(12,909)** | **(98,499)** |

Our net cash used in investing activities was HK$98.5 million for the five months ended May 31, 2016. This net cash outflow was primarily a result of (i) purchases of items of property, plant and equipment of HK$66.8 million, primarily due to the growth of our DPG stations under our IBO business, and (ii) an increase in pledged deposits of HK$25.7 million, primarily for banking arrangements.

Our net cash used in investing activities was HK$12.9 million for the five months ended May 31, 2015. This net cash outflow was primarily a result of purchases of items of property, plant and equipment

of HK$28.8 million, primarily due to the growth of our DPG stations under our IBO business, partially offset by a decrease in pledged deposits of HK$16.8 million, primarily due to termination of banking arrangements.

Our net cash used in investing activities was HK$162.2 million for the year ended December 31, 2015. This net cash outflow was primarily a result of purchases of items of property, plant and equipment of HK$147.5 million, primarily due to the growth of our DPG stations.

Our net cash used in investing activities was HK$502.6 million for the year ended December 31, 2014. This net cash outflow was primarily a result of (i) purchases of items of property, plant and equipment of HK$294.3 million, primarily due to the growth of our DPG stations, (ii) an increase in deposits paid for purchases of property, plant and equipment of HK$104.3 million, primarily due to the growth of our DPG stations, and (iii) an increase in pledged deposits of HK$103.1 million, primarily for banking arrangements.

Our net cash used in investing activities was HK$98.7 million for the year ended December 31, 2013. This net cash outflow was primarily a result of (i) an increase in deposits paid for purchases of property, plant and equipment of HK$67.9 million, primarily due to the growth of our DPG stations, and (ii) the purchase of items of property, plant and equipment of HK$35.5 million, primarily due to the growth of our DPG stations.

***Financing activities***

The following table summarizes our net cash flows generated from/(used in) financing activities for the periods indicated:

| | Year ended December 31, | | | Five months ended May 31, | |
|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2015 | 2016 |
| | | | (HK$ in thousands) | | |
| Proceeds from issue of shares | 8 | – | 313,429 | 155,174 | – |
| Capital contributions from/(distributions to) the Controlling Shareholders | (10) | (48) | 48 | – | – |
| New bank borrowings and new other borrowings | 543,619 | 1,273,597 | 1,763,368 | 544,472 | 678,813 |
| Repayment of bank borrowings | (431,111) | (1,029,102) | (1,318,118) | (597,005) | (655,897) |
| Advance from a business partner and loan from a shareholder | – | 262,631 | – | – | – |
| Repayment to a business partner, a director and a shareholder | (20,073) | – | (263,389) | (138,732) | – |
| Capital element of finance lease rental payments | – | (74) | (103) | (41) | (30) |
| Increase/(decrease) in amounts due to related companies | (889) | 13,022 | 2,375 | 28,222 | – |
| Dividends paid and dividend paid to non-controlling shareholder of a subsidiary | (3,100) | (2,500) | (125,938) | – | (20,624) |
| Interest paid | (8,599) | (12,823) | (21,013) | (9,749) | (17,771) |
| **Net cash generated from/(used in) financing activities** | **79,845** | **504,703** | **350,659** | **(17,659)** | **(15,509)** |

Our net cash used in financing activities was HK$15.5 million for the five months ended May 31, 2016. This net cash outflow was primarily a result of (i) the repayment of bank borrowings of HK$655.9

million, primarily attributable to the repayment of trade finance, (ii) dividends paid of HK$20.6 million, and (iii) interest paid of HK$17.8 million, partially offset by new bank borrowings and new other borrowings of HK$678.8 million, primarily attributable to trade finance.

Our net cash used in financing activities was HK$17.7 million for the five months ended May 31, 2015. This net cash outflow was primarily a result of (i) the repayment of bank borrowings of HK$597.0 million, primarily attributable to the repayment of trade finance, and (ii) repayment to a business partner and a shareholder of HK$138.7 million, due to repayment of payables to Waton Holdings Limited and amounts due to Ms. Tang, partially offset by (i) new bank borrowings and new other borrowings of HK$544.5 million, primarily attributable to increase in trade finance, (ii) proceeds from issue of shares of HK$155.2 million from the issue of shares to CRRC, and (iii) an increase in amounts due to related parties of HK$28.2 million, primarily due to fund advance from VPower Chad. Please see "— Related Party Transactions" for more details about amounts due to a shareholder and amounts due to related companies.

Our net cash from financing activities was HK$350.7 million for the year ended December 31, 2015. This net cash inflow was primarily a result of (i) new bank borrowings and new other borrowings of HK$1,763.4 million, primarily attributable to a new long-term term loan, and (ii) proceeds from issue of shares of HK$313.4 million from the issue of shares to CRRC and Millennium Fortune. This cash inflow was partially offset by (i) the repayment of bank borrowings of HK$1,318.1 million, primarily attributable to the repayment of trade finance and (ii) the repayment to a business partner and a loan from a shareholder of HK$263.4 million, due to an advance from and loan provided to us in 2014.

Our net cash from financing activities was HK$504.7 million for the year ended December 31, 2014. This net cash inflow was primarily a result of (i) new bank borrowings of HK$1,273.6 million, primarily attributable to a new long-term term loan, and (ii) advance from a business partner and a loan from a shareholder of HK$262.6 million. This cash inflow was partially offset by the repayment of bank borrowings of HK$1,029.1 million, primarily attributable to the repayment of trade finance.

Our net cash from financing activities was HK$79.8 million for the year ended December 31, 2013. This net cash inflow was primarily a result of new bank borrowings of HK$543.6 million, primarily attributable to trade finance. This cash inflow was partially offset by (i) the repayment of bank borrowings of HK$431.1 million, primarily attributable to the repayment of import and export loans, and (ii) repayment to our chairman, Mr. Lam, of HK$20.1 million for the settlement of advances provided to us.

## CAPITAL EXPENDITURES

### *Historical Capital Expenditures*

Our principal capital expenditures relate primarily to investments in property, plant and equipment for our DPG stations.

The following table sets forth our historical capital expenditures for each of our business segments for the periods indicated:

| | Year ended December 31, | | | Five months ended May 31, | |
|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2015 | 2016 |
| | (HK$ in thousands) | | | | |
| SI | 3,386 | 1,991 | 4,905 | 1,946 | 970 |
| IBO | 35,558 | 533,221 | 415,373 | 406,169 | 201,699 |
| **Total** | **38,944** | **535,212** | **420,278** | **408,115** | **202,669** |

***Planned Capital Expenditures***

Our capital expenditures are expected to primarily consist of investments in property, plant and equipment for our DPG stations. Our planned capital expenditures primarily relate to (i) project installment payments for our IBO business to our project co-developer and EPC contractors and (ii) deposits and capital expenditures for our SI business, such as for enhancing our assembly line for system integration. We plan to fund our capital expenditures with cash generated from our equity issuances, our operations, bank borrowings, finance leases and the proceeds from the Listing. Our planned capital expenditures for new IBO projects relate to prospective DPG projects located in Indonesia, Bangladesh, Myanmar, Ghana, Nigeria and Saudi Arabia.

The following table shows our planned capital expenditures for 2016 and 2017:

| | Year ended December 31, | |
|---|---|---|
| | 2016 | 2017 |
| | (HK$ in thousands) | |
| IBO | | |
| Current projects | 382,968 | 545,251 |
| New projects | 291,075 | 1,318,633 |
| SI | 2,625 | 4,953 |
| Total | 676,668 | 1,868,836 |

Our actual capital expenditures may differ from the amounts set forth above due to various factors, including our future cash flows, results of operations and financial condition, economic conditions in emerging markets or the PRC, the availability of financing on terms acceptable to us, technical or other problems in obtaining or installing equipment, changes in the regulatory environment in emerging markets or the PRC and other factors.

**WORKING CAPITAL**

We have funded our working capital requirements through a combination of cash inflow from our operations, capital contributions from our shareholders and bank borrowings. We recorded an operating cash inflow in the amount of HK$38.6 million, HK$75.1 million, HK$15.9 million, HK$6.6 million and HK$111.1 million for the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2015 and 2016, respectively. We recorded net current liabilities in the amount of HK$84.6 million and HK$279.4 million as of December 31, 2013 and 2014, respectively, and net current assets of HK$172.0 million, HK$39.4 million and HK$78.4 million as of December 31, 2015, May 31, 2016 and September 30, 2016, respectively.

Taking into account the net proceeds of the Global Offering, net cash from our operating activities and bank facilities available to us, our Directors believe that we have sufficient working capital to meet our present and future cash requirements for at least the next twelve months from the date of this prospectus. As of the Latest Practicable Date, we have unused bank facilities in the amount of HK$362.3 million.

## NET CURRENT ASSETS AND LIABILITIES

Details of our current assets and liabilities at each of the indicated balance sheet dates are as follows:

| | As of December 31, | | | As of May 31, | As of September 30, |
|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 | 2016 |
| | (HK$ in thousands) | | | | |
| **Current assets:** | | | | | |
| Inventories | 221,811 | 298,074 | 563,016 | 635,645 | 579,988 |
| Trade receivables | 180,032 | 266,184 | 714,935 | 573,264 | 621,346 |
| Prepayments, deposits and other receivables | 22,963 | 56,647 | 30,798 | 29,015 | 59,497 |
| Due from related companies | 236 | 255 | 29,318 | 35,657 | 10,227 |
| Due from a director | 2,659 | 4,009 | – | – | – |
| Due from a shareholder | – | 700 | – | – | – |
| Tax recoverable | 2,759 | 3,178 | 10,224 | 12,438 | 12,411 |
| Pledged deposits | 20,312 | 122,958 | 131,317 | 156,520 | 108,331 |
| Cash and cash equivalents | 27,438 | 93,243 | 286,874 | 283,538 | 286,424 |
| **Total current assets** | 478,210 | 845,248 | 1,766,482 | 1,726,077 | 1,678,224 |
| **Current liabilities:** | | | | | |
| Trade and bills payables | 200,047 | 279,561 | 739,936 | 697,561 | 625,349 |
| Other payables and accruals | 54,654 | 253,739 | 281,547 | 333,831 | 205,854 |
| Dividend payable | 2,500 | – | – | 23,414 | – |
| Due to related companies | 758 | 13,022 | – | – | – |
| Due to a director | – | – | 6,138 | 12,102 | – |
| Due to a shareholder | – | 42,879 | – | – | – |
| Loan from a shareholder | – | 101,706 | – | – | – |
| Derivative financial instrument | – | 8,160 | 114 | – | – |
| Interest-bearing bank and other borrowings | 302,778 | 417,904 | 555,688 | 610,159 | 756,034 |
| Tax payable | 2,093 | 7,251 | 10,308 | 8,156 | 11,177 |
| Provision for restoration | – | 388 | 775 | 1,420 | 1,420 |
| **Total current liabilities** | 562,830 | 1,124,610 | 1,594,506 | 1,686,643 | 1,599,834 |
| **Net current assets (liabilities)** | **(84,620)** | **(279,362)** | **171,976** | **39,434** | **78,390** |

We recorded net current liabilities in the amount of HK$84.6 million and HK$279.4 million and net current assets of HK$172.0 million, HK$39.4 million and HK$78.4 million as of December 31, 2013, 2014 and 2015, May 31, 2016 and September 30, 2016, respectively. In order to meet our capital requirements for investing in our DPG stations, we borrow loans with terms of less than one year, which are recorded as current liabilities. We make installment payments to our project co-developer and EPC contractors for our DPG stations, a portion of which is recorded as current liabilities. For more details on our installment arrangements, see "— Indebtedness — Project Development and Installment Arrangements and Other Borrowings". However, we invest the cash in DPG stations, which are recorded as long-term assets. As a result, there may be a significant delay between our initial upfront deposit in our DPG stations and our receipt of revenue under our operating agreements. See "Risk Factors — We had net current liabilities as of December 31, 2013 and 2014".

Our net current assets increased by 99.0% to HK$78.4 million as of September 30, 2016 from HK$39.4 million as of May 31, 2016. This change was primarily a result of (i) a decrease in the current

portion of other payables and accruals of HK$128.0 million primarily due to repayment of payables to EPC contractors, (ii) an increase in the current portion of trade receivables of HK$48.1 million as primarily due to an increase in SI sales in the third quarter of 2016 and (iii) an increase in prepayments, deposits and other receivables of HK$30.5 million primarily due to prepayment of listing expenses and insurance premium. This change was partially offset by (i) an increase in the current portion of interest-bearing bank and other borrowings of HK$145.9 million primarily due to trade financing, (ii) a decrease in inventories of HK$55.7 million primarily due to SI sales in the third quarter of 2016.

Our net current assets decreased by 77.1% to HK$39.4 million as of May 31, 2016 from HK$172.0 million as of December 31, 2015. This change was primarily a result of (i) a decrease in the current portion of trade receivables of HK$141.7 million, primarily due to settlement of receivables by customers, (ii) an increase in the current portion of interest-bearing bank and other borrowings of HK$54.5 million, primarily due to an increase in our bank borrowings, (iii) an increase in the current portion of other payables and accruals of HK$52.3 million, primarily due to an increase in outstanding installment payments for the completion of a DPG station in Myanmar, and (iv) an increase in dividend payable of HK$23.4 million because we declared a dividend of HK$50.0 million on May 26, 2016 to our shareholders as of December 31, 2015. This change was partially offset by (i) an increase in inventories of HK$72.6 million, primarily as a result of an anticipated increase in sales under our SI business in the second half of 2016, (ii) a decrease in trade and bills payables of HK$42.4 million primarily due to settlement of payables with our suppliers, and (iii) an increase in pledged deposits of HK$25.2 million, primarily for banking arrangements.

We had net current assets of HK$172.0 million as of December 31, 2015, compared to net current liabilities of HK$279.4 million as of December 31, 2014. This change was primarily a result of (i) an increase in the current portion of trade receivables of HK$448.8 million, primarily due to an increase in sales under our SI business, (ii) an increase in inventories of HK$264.9 million, primarily due to an anticipated increase in sales under our SI business, and (iii) an increase in cash and cash equivalents of HK$193.6 million, primarily as a result of an increase in share capital as a result of the equity financing from CRRC and Millennium Fortune. This change was partially offset by (i) an increase in trade and bills payables of HK$460.4 million, primarily due to an increase in sales under our SI business, and (ii) an increase in the current portion of interest-bearing bank and other borrowings of HK$137.8 million, primarily due to increasing amounts due under a finance lease.

Our net current liabilities increased by 230.3% to HK$279.4 million as of December 31, 2014 from HK$84.6 million as of December 31, 2013. This change was primarily a result of (i) an increase in the current portion of other payables and accruals of HK$199.1 million, primarily due to completion of two DPG stations in Indonesia and Bangladesh, (ii) an increase in the current portion of interest-bearing bank and other borrowings of HK$115.1 million, primarily due to the effect of the current portion of a new long-term term loan. This change was partially offset by (i) an increase in pledged deposits of HK$102.6 million, primarily for banking arrangements, (ii) an increase in the current portion of trade receivables of HK$86.2 million, primarily due to an increase in sales under our SI business, and (iii) an increase in inventories of HK$76.3 million, primarily due to an anticipated increase in sales under our SI business.

## CERTAIN BALANCE SHEET ITEMS

### *Inventories*

Our inventories mainly comprise our inventory for our SI Sales.

The following table shows a summary of our inventory balances as of the dates indicated:

| | As of December 31, | | | As of May 31, |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 |
| | (HK$ in thousands) | | | |
| Raw materials | 38,196 | 68,903 | 122,207 | 179,578 |
| Work in progress | 5,845 | 18,821 | 6,355 | 16,083 |
| Finished goods | 177,770 | 210,350 | 434,454 | 439,984 |
| **Total** | **221,811** | **298,074** | **563,016** | **635,645** |

The following table shows the age profile of our inventory balances as of the dates indicated:

| | As of December 31, 2013 | | | | |
|---|---|---|---|---|---|
| | Within 1 year | 1-2 years | 3-5 years | Over 5 years | Total |
| | (HK$ in thousands) | | | | |
| Raw material | 24,084 | 12,981 | 1,131 | – | 38,196 |
| Work in progress | 955 | 4,088 | 577 | 225 | 5,845 |
| Finished goods | 124,584 | 51,409 | 1,705 | 72 | 177,770 |
| **Total** | **149,623** | **68,478** | **3,413** | **297** | **221,811** |

| | As of December 31, 2014 | | | | |
|---|---|---|---|---|---|
| | Within 1 year | 1-2 years | 3-5 years | Over 5 years | Total |
| | (HK$ in thousands) | | | | |
| Raw material | 50,556 | 15,852 | 2,186 | 309 | 68,903 |
| Work in progress | 14,702 | 2,111 | 2,008 | – | 18,821 |
| Finished goods | 179,736 | 28,478 | 1,639 | 497 | 210,350 |
| **Total** | **244,994** | **46,441** | **5,833** | **806** | **298,074** |

| | As of December 31, 2015 | | | | |
|---|---|---|---|---|---|
| | Within 1 year | 1-2 years | 3-5 years | Over 5 years | Total |
| | (HK$ in thousands) | | | | |
| Raw material | 84,746 | 28,608 | 8,502 | 351 | 122,207 |
| Work in progress | 5,901 | 21 | 433 | – | 6,355 |
| Finished goods | 369,600 | 58,821 | 6,033 | – | 434,454 |
| **Total** | **460,247** | **87,450** | **14,968** | **351** | **563,016** |

| | As of May 31, 2016 | | | | |
|---|---|---|---|---|---|
| | Within 1 year | 1-2 years | 3-5 years | Over 5 years | Total |
| Raw material | 143,876 | 20,726 | 14,488 | 488 | 179,578 |
| Work in progress | 15,511 | 572 | – | – | 16,083 |
| Finished goods | 377,537 | 53,504 | 8,943 | – | 439,984 |
| **Total** | **536,924** | **74,802** | **23,431** | **488** | **635,645** |

Our inventories increased by 12.9% to HK$635.6 million as of May 31, 2016 from HK$563.0 million as of December 31, 2015, primarily as a result of an increase in raw materials of HK$57.4 million, primarily due to an anticipated increase in sales under our SI business in the second half of 2016. 20.7% of our

inventories as of May 31, 2016 had been consumed as of August 31, 2016. For risks associated with our inventories, please refer to "Risk Factors — Risks Related to Our Business and Industry — We may not be able to effectively manage increases in inventory and trade receivables while we grow our business".

Our inventories increased by 88.9% to HK$563.0 million as of December 31, 2015 from HK$298.1 million as of December 31, 2014, primarily as a result of an increase in finished goods of HK$224.1 million, primarily due to accumulation on inventory in the fourth quarter of 2015 pending delivery of projects to customers in 2016 under our SI business.

Our inventories increased by 34.4% to HK$298.1 million as of December 31, 2014 from HK$221.8 million as of December 31, 2013, primarily as a result of (i) an increase in finished goods of HK$32.6 million, primarily due to an anticipated increase in sales under our SI business and (ii) an increase in raw materials of HK$30.7 million, primarily due to an anticipated increase in sales under our SI business.

For the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2016, our inventory turnover days were 162 days, 139 days, 181 days and 258 days, respectively. We calculate the inventory turnover days using the average of the inventory balances for the beginning and end of the period, divided by cost of sales for the period, multiplied by the number of days for the relevant period (365 days for 2013, 2014 and 2015 and 152 days for the five months ended May 31, 2016). Inventory turnover days decreased in 2014 compared to 2013 due to increased sales under our SI business in 2014. Inventory turnover days increased in 2015 compared to 2014 primarily due to the accumulation of inventory in the fourth quarter of 2015 pending delivery of projects to customers in 2016 under our SI business. Inventory turnover days increased in the five months ended May 31, 2016 compared to the year ended December 31, 2015 primarily due to seasonality as our SI sales are typically lower in the first five months of a given year.

As part of our ongoing business, we continue to monitor our inventory, in particular our inventory turnover days and the age of our inventory. Our inventories primarily consist of SI stock, IBO parts and IBO emergency spare. We would typically need to build up adequate inventory of SI stock in order to satisfy any orders from our SI business, especially to those customers which require delivery on short notice, since typical lead time for our gen-sets/PGSs is approximately 180 days from the time of placing of an order to completing the system integration of gen-sets/PGSs. The IBO parts comprise of replacement parts which are primarily consumables, required by PGSs installed at all our DPG stations for fixed interval maintenance work and repairs when necessary. The IBO emergency spare includes backup engines and major ancillary components for the our DPG stations, which are largely used for our DPG stations in emergencies so as to ensure continuous power generation. The IBO emergency spare is also available for sale when necessary. As we develop more DPG stations, we would typically build up our IBO parts and IBO emergency spare.

According to our accounting policies, our inventories are stated at the lower of cost and net realizable value, defined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. If the net realizable value of our inventory is lower than cost, then the inventory would be impaired from its cost to its net realizable value. Our inventory primarily consists of parts employed in the assembly of gen-sets and PGSs, including engines and other ancillary equipment. As long as these parts are not used, these parts will not experience any wear. Therefore, the net realizable value of these parts is unlikely to decrease over time. In fact, during the Track Record Period, the price of engines for any given model has generally increased. Further, as engines and ancillary components would not likely be rendered technology obsolete within a short period of time, the risk of a decrease in the net realizable value of the parts as a result of technological advancement is low. Generally speaking, an engine product is usually replaced by a later model only after an average of at least 10 years.

***Trade receivables***

Trade receivables mainly represent the credit sales of our products.

We typically sell and deliver our products under our SI business to our customers with credit terms ranging from 30 to 90 days, according to our credit policy, which enumerates a number of factors, such as our customers' credit history, scale of operation and financial resources to be considered when extending credit terms to the Company's customers. Under our accounting policies, we would impair a trade receivable only if there is objective evidence that one or more events would have an impact on the estimated future cash flows of the trade receivables. For example, if a debtor or a group of debtors of the trade receivables experience significant financial difficulty, default or delinquency in interest or principal payment, there is a probability that they would enter bankruptcy or other financial reorganization, or observable data indicates that there is a measurable decrease in estimated future cash flows from the debtor or the group of debtors, such as changes in arrears or economic conditions that correlate with defaults.

During the Track Record Period, upon F.K.'s request, we provided a credit period of up to 630 days to F.K. with quarterly installment payments starting from 180 days after delivery for a purchase order delivered in 2014 (the "**2014 Order**") with an aggregate contract amount of HK$74.4 million. F.K. paid HK$38.6 million under the contract terms, as of June 30, 2015, which is 51.9% of the contract amount under the 2014 Order.

F.K. is an Israeli-based power solutions provider with operations in Israel and South America. According to its website, it owns a fleet with a capacity of more than 700MW. We have been selling gen-sets to F.K. since 2010 under its SI business. Given the nature of F.K.'s business and our long trading relationship with F.K., our sales to F.K. are much larger in scale as compared to our other SI sales and hence we provide F.K. with different credit terms compared to other SI customers. For more information on our relationship with F.K., please refer to "Business — SI Business — Customers, Sales and Marketing". We regularly monitor F.K.'s credit. In particular, we would ask for and review F.K.'s financial statements so as to monitor F.K.'s financial status and performance.

F.K. approached us for extension for payment of its then outstanding balance (of which HK$9.0 million was not due until 2016). Such outstanding balance mainly includes the HK$35.8 million unpaid under the 2014 Order. Having duly considered F.K.'s repayment record, its financial strength and the business opportunity for us to expand our SI business in South America, we agreed to the extension in July 2015 on the basis that F.K. would pay an additional amount of HK$4.8 million, as interest payment for the extension, which is recorded as other interest income. Accordingly, the total outstanding amount payable by F.K. is HK$43.0 million. Under the extension agreement, F.K. has agreed to pay HK$2.2 million of the aggregate outstanding amount in December 2015 (which has now been paid) and the rest by December 26, 2016. As of May 31, 2016, the amount due from F.K. was approximately HK$40.2 million, which represents the net present value of all outstanding amounts, including interest, due from F.K..

Having considered our accounting policies as stated above and reviewed and analyzed F.K.'s financial statements and position based on information available to us, our management believed no objective evidence exists to justify any impairment of F.K.'s trade receivables.

We have also provided credit terms up to 180 days to Pan-Exp Engineering Pte. Limited after assessing its financial and reputational credibility. We do not hold any collateral over the trade receivables mentioned above. We have provided allowance for certain receivables which are overdue for over one year, subject to

our management assessment based on our historical experience of whether such receivables are recoverable. Aside from the two cases mentioned above, the credit terms of our other SI customers are within the range of 30 to 90 days.

For our IBO business, we typically extend a credit period to our customers of up to 60 days. Before accepting new customers, we gather and assess the credit information of the potential customers when considering their quality and determining the credit terms for them.

We have maintained vigorous policies to manage and pursue any outstanding trade receivables, including:

- issuing demand letters to the relevant counterparty demanding payment within the specified time period;
- seeking advice of legal counsel in the relevant jurisdiction on available courses of action if the counterparty fails to respond to the demand letter;
- considering legal action if the amount involved is deemed material; and
- concurrent with the steps above, engaging in negotiations with the counterparty to work out an acceptable solution, including, but not limited to, extending the repayment term, accepting partial outstanding payments as full payment, or repurchasing any products sold at a discounted rate.

The following table shows the breakdown of our trade receivables by our business segments as of the dates indicated.

| | As of December 31, | | | As of May 31, |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 |
| | | (HK$ in thousands) | | |
| SI | 164,328 | 230,120 | 585,358 | 396,146 |
| IBO | 15,704 | 44,529 | 129,577 | 177,118 |
| **Total** | **180,032** | **274,649** | **714,935** | **573,264** |

The following table sets forth our trade receivables as of the dates indicated:

| | As of December 31, | | | As of May 31, |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 |
| | | (HK$ in thousands) | | |
| Trade receivables | 181,640 | 277,291 | 717,963 | 576,262 |
| Impairment | (1,608) | (2,642) | (3,028) | (2,998) |
| Subtotal | 180,032 | 274,649 | 714,935 | 573,264 |
| Current portion included in trade receivables | (180,032) | (266,184) | (714,935) | (573,264) |
| Non-current portion | – | **8,465** | – | – |

The following table sets forth an aging analysis of our trade receivables, based on invoice date and net of provisions for impairment, as of the dates indicated:

| | As of December 31, | | | As of May 31, |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 |
| | (HK$ in thousands) | | | |
| Within 30 days | 137,054 | 49,321 | 483,136 | 112,875 |
| 31 to 60 days | 8,439 | 110,055 | 36,167 | 85,662 |
| 61 to 90 days | 9,880 | 20,293 | 32,183 | 126,895 |
| Over 90 days | 24,659 | 94,980 | 163,449 | 247,832 |
| **Total** | **180,032** | **274,649** | **714,935** | **573,264** |

Our trade receivables decreased by 19.8% to HK$573.3 million as of May 31, 2016 from HK$714.9 million as of December 31, 2015, primarily as a result of settlement of receivables by customers. 51.0% of our aggregate trade receivables as of May 31, 2016 has been settled as of August 31, 2016. For risks associated with our trade receivables, please refer to "Risk Factors — Risks Related to Our Business and Industry — We may not be able to effectively manage increases in inventory and trade receivables while we grow our business". Our trade receivables with an age between 31 to 60 days increased by 136.7% to HK$85.7 million as of May 31, 2016 from HK$36.2 million as of December 31, 2015 and between 61 to 90 days increased by 294.1% to HK$126.9 million as of May 31, 2016 from HK$32.2 million as of December 31, 2015 primarily due to the increase in our SI sales. Our trade receivables with an age over 90 days increased by 51.7% to HK$247.8 million as of May 31, 2016 from HK$163.4 million as of December 31, 2015 because we provided credit terms of up to 630 days to F.K. and up to 180 days to Pan-Exp Engineering Pte. Limited.

Our trade receivables increased by 160.3% to HK$714.9 million as of December 31, 2015 from HK$274.6 million as of December 31, 2014, primarily as a result of an increase in sales from our SI and IBO businesses. Trade receivables due within 30 days increased by 879.9% to HK$483.1 million as of December 31, 2015 from HK$49.3 million as of December 31, 2014 due to the increase in sales under our SI business in the last quarter of 2015 by 196.0% as compared to the last quarter of 2014. The increase in trade receivables was not related to any specific project. As a result of this increase in trade receivables and the increase in SI sales, we used more of our inventories and purchased additional inventory, resulting in an increase in inventories of 88.9% in 2015 and an increase in trade and bills payables of 164.6% in 2015. We had a relatively high level of trade receivables due over 90 days as a result of (i) prolonged negotiations relating to the contractual interpretation of an annual inflation price adjustment and the payment amount with one of our customers, delaying the subsequent settlement period beyond the normal credit term, and (ii) delay in receipt of payment from the intermediate off-taker of one of our IBOs station in Indonesia that was commissioned in May 2015, who was not experienced in the invoicing process of the ultimate off-taker.

Our trade receivables increased by 52.6% to HK$274.6 million as of December 31, 2014 from HK$180.0 million as of December 31, 2013, primarily as a result of an increase in sales from our SI and IBO businesses.

For the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2016, our trade receivables turnover days were 82 days, 89 days, 149 days and 192 days, respectively. We calculate the trade receivables turnover days using the average of the beginning and ending net trade receivable balances for the period, divided by revenue for the period, multiplied by the number of days for the relevant period (365 days for 2013, 2014 and 2015 and 152 days for the five months ended May 31, 2016). Our trade receivable turnover days increased primarily due to (i) the growth of our IBO business

relative to our SI business, as the invoices issued under our IBO business are deemed due 90 days after the invoice date and our IBO business generally experiences a less regular settlement pattern and (ii) the relatively longer credit terms we provided to F.K. and Pan-Exp Engineering Pte. Limited.

***Factoring arrangement***

During the Track Record Period, we entered into a factoring arrangement with a commercial bank in the PRC, pursuant to which we assigned certain of our trade receivables to the bank for funds. A separate insurer in the PRC maintains a credit insurance policy for all of our invoice value factored. According to the terms of the factoring arrangement, the factoring is with recourse, meaning that the trade receivables can be reassigned back to us under certain circumstances. For example, if our debtors default on the relevant trade receivables 90 days after the payment due date, the bank has the right to reassign the trade receivables back to us, and we may be required to reimburse interest and other fees to the bank for the reassignment. However, the default risk of the trade receivables would be borne by the credit insurer under the credit insurance policy.

The carrying value of receivables involved that the Company continues to recognize under the factoring arrangement as of December 31, 2013, 2014 and 2015 and May 31, 2016 was HK$2.4 million, HK$41.9 million, nil and nil, respectively. The amount of financing charges incurred related to the factoring arrangements in 2013, 2014 and 2015 and the five months ended May 31, 2016 was HK$0.4 million, HK$0.3 million, HK$1.7 million and nil, respectively. During the Track Record Period, we did not reimburse any interest under the factoring arrangement or make any claims under the credit insurance policy.

***Prepayments, deposits and other receivables***

Our prepayments, deposits and other receivables are mainly related to purchase of property, plant and equipment for our DPG stations. As of December 31, 2013, 2014 and 2015 and May 31, 2016, our prepayments, deposits and other receivables amounted to HK$97.1 million, HK$166.1 million, HK$87.9 million and HK$85.2 million, respectively.

The following table sets forth the components of our prepayments, deposits and other receivables as of the dates indicated:

| | As of December 31, | | | As of May 31, |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 |
| | (HK$ in thousands) | | | |
| Prepayments | 3,053 | 2,918 | 5,054 | 15,504 |
| Deposits paid for purchases of property, plant and equipment | 68,483 | 104,908 | 56,355 | 56,140 |
| Deposits and other receivables | 25,603 | 58,295 | 26,451 | 13,536 |
| **Subtotal** | **97,139** | **166,121** | **87,860** | **85,180** |
| Current portion included in prepayments, deposits and other receivables | (22,963) | (56,647) | (30,798) | (29,015) |
| **Non-current portion** | **74,176** | **109,474** | **57,062** | **56,165** |

Our prepayments, deposits and other receivables decreased by 3.1% to HK$85.2 million as of May 31, 2016 from HK$87.9 million as of December 31, 2015. This decrease was primarily due to a decrease in deposits and other receivables of HK$12.9 million, primarily due to a decrease in deposits for engine and

spare part purchases. This decrease in deposits and other receivables was partially offset by an increase in prepayments of HK$10.5 million, primarily due to an increase in prepayments paid for insurance resulting from entering into new insurance policies in respect of our new DPG stations under our IBO business.

Our prepayments, deposits and other receivables decreased by 47.1% to HK$87.9 million as of December 31, 2015 from HK$166.1 million as of December 31, 2014, primarily as a result of (i) a decrease in deposits paid for purchases of property, plant and equipment of HK$48.6 million, primarily for our IBO business, and (ii) a decrease in deposits and other receivables of HK$31.8 million, primarily due to a decrease in deposits for engine and spare part purchases and tender deposits for our IBO business as a result of the completion of DPG stations located in Indonesia and Myanmar in 2015.

Our prepayments, deposits and other receivables increased by 71.1% to HK$166.1 million as of December 31, 2014 from HK$97.1 million as of December 31, 2013, primarily as a result of (i) an increase in deposits paid for purchases of property, plant and equipment of HK$36.4 million, primarily for our IBO business, and (ii) an increase in deposits and other receivables of HK$32.7 million, primarily due to an increase in deposits for engine and spare part purchases and tender deposits for our IBO business for two DPG stations located in Indonesia and Myanmar.

***Trade and bills payables***

Trade and bills payables mainly represent the balances due to our suppliers of engines and ancillary equipment. They are non-interest-bearing and are normally settled on terms ranging from 30 to 180 days.

The following table sets forth our trade and bills payables as of the dates indicated:

| | As of December 31, | | | As of May 31, |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 |
| | (HK$ in thousands) | | | |
| Trade payables | 179,551 | 250,663 | 700,600 | 620,372 |
| Bills payables | 20,496 | 28,898 | 39,336 | 77,189 |
| **Total** | **200,047** | **279,561** | **739,936** | **697,561** |

The following table sets forth an aging analysis of our trade and bill payables, based on invoice date, as of the dates indicated:

| | As of December 31, | | | As of May 31, |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 |
| | (HK$ in thousands) | | | |
| Within 1 month | 128,984 | 50,615 | 239,342 | 119,469 |
| 1 to 2 months | 46,471 | 93,302 | 235,248 | 30,775 |
| 2 to 3 months | 9,634 | 51,158 | 59,357 | 112,912 |
| Over 3 months | 14,958 | 84,486 | 205,989 | 434,405 |
| **Total** | **200,047** | **279,561** | **739,936** | **697,561** |

Our trade and bills payables decreased by 5.7% to HK$697.6 million as of May 31, 2016 from HK$739.9 million as of December 31, 2015, primarily a result of a decrease in trade payables of HK$80.2 million, primarily due to settlement of payables with our suppliers. This increase was partially offset by an increase in bills payables of HK$37.9 million, primarily due to an increase in our purchases settled by bills.

Our trade and bills payables increased by 164.6% to HK$739.9 million as of December 31, 2015 from HK$279.6 million as of December 31, 2014, primarily a result of an increase in trade payables of HK$449.9 million, primarily due to an increase in our purchases of engines and parts under our SI business.

Our trade and bills payables increased by 39.8% to HK$279.6 million as of December 31, 2014 from HK$200.0 million as of December 31, 2013, primarily a result of an increase in trade payables of HK$71.1 million, primarily due to an increase in our purchases of engines for our SI business.

For the years ended December 31, 2013, 2014, 2015 and the five months ended May 31, 2016, our trade and bills payables turnover days were 107 days, 125 days, 177 days and 290 days, respectively. We calculate the trade and bills payables turnover days using the average of the beginning and ending net trade and bill payables balances for the period, divided by total purchases for the period, multiplied by the number of days for the relevant period (365 days for 2013, 2014 and 2015 and 152 days for the five months ended May 31, 2016). Our trade and bills payable turnover days increased in 2014 compared to 2013 due to receiving better credit terms from our suppliers from increased purchases under our SI business. Our trade and bills payable turnover days increased in 2015 compared to 2014 primarily due to receiving better credit terms from our suppliers due to accumulation of inventory in the fourth quarter of 2015 for delivery of projects to customers in the fourth quarter of 2015 and in 2016 under our SI business. Our trade and bills payable turnover days increased in the five months ended May 31, 2016 compared to 2015, primarily due to the accumulation of trade payables in the five months ended May 31, 2016 without a corresponding increase in purchases during the same period. This accumulation is a result of seasonality as we typically purchase engines from CRRC in November and December of a given year and are provided with credit terms of up to 180 days. As a result, these trade payables will not be settled in 2015 and are carried over into the five months ended May 31, 2016. On the other hand, we did not make significant purchases in the five months ended May 31, 2016.

Our Directors confirm that we had no material defaults in our trade and bills payables during the Track Record Period.

***Other payables and accruals***

Our other payables and accruals mainly comprise amounts due under project development and installment arrangements to our project co-developer and EPC contractors.

The following table sets forth our other payables and accruals as of the dates indicated:

| | As of December 31, | | | As of May 31, |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 |
| | | (HK$ in thousands) | | |
| Payables to EPC Contractors | – | 177,545 | 408,337 | 549,260 |
| Payable to Waton Holdings Limited ("Waton") | – | 118,945 | – | – |
| Sundry payables | 17,257 | 37,775 | 18,222 | 21,554 |
| Accruals | 12,599 | 16,454 | 30,199 | 30,129 |
| Receipts in advance | 24,946 | 17,819 | 20,592 | 21,852 |
| Deferred income | – | 4,967 | 11,314 | 6,013 |
| **Subtotal** | **54,802** | **373,505** | **488,664** | **628,808** |
| Current portion included in other payables and accruals | (54,654) | (253,739) | (281,547) | (333,831) |
| **Non-current portion** | **148** | **119,766** | **207,117** | **294,977** |

Our other payables and accruals increased by 28.7% to HK$628.8 million as of May 31, 2016 from HK$488.7 million as of December 31, 2015, primarily as a result of an increase in payables to EPC contractors of HK$140.9 million mainly due to an increase in outstanding installment payments for the completion of a DPG station in Myanmar. For more details on our installment payments, see "— Indebtedness — Project Development and Installment Arrangements and Other Borrowings".

Our other payables and accruals increased by 30.8% to HK$488.7 million as of December 31, 2015 from HK$373.5 million as of December 31, 2014, primarily as a result of an increase in payables to an EPC contractor of HK$230.8 million due to an increase in outstanding installment payments for the completion of two DPG stations in Indonesia and Myanmar. For more details on our installment payments, see "— Indebtedness — Project Development and Installment Arrangements and Other Borrowings".

Our other payables and accruals increased by 581.6% to HK$373.5 million as of December 31, 2014 from HK$54.8 million as of December 31, 2013, primarily as a result of payables to an EPC contractor of HK$177.5 million primarily due to outstanding installment payments for the completion of a DPG station in Indonesia and payables to Waton of HK$118.9 million due to an advance to us from Waton, a company that Mr. Lam had influence over until July 23, 2014. For more details on our installment payments, see "— Indebtedness — Project Development and Installment Arrangements and Other Borrowings".

Our Directors confirm that we had no material defaults in our other payables and accruals during the Track Record Period.

## INDEBTEDNESS

### *Borrowings*

As of May 31, 2016 and September 30, 2016, we had total borrowings of HK$989.5 million and HK$1,085.2 million, respectively, which were denominated in U.S. dollars, Euro, Hong Kong dollars and RMB.

As of the Latest Practicable Date, we had HK$1,629.9 million available bank facilities, of which HK$362.3 million was unutilized and unrestricted.

The following table sets forth the components of our short-term and long-term borrowings as of the dates indicated:

| | As of December 31, | | | | | | As of May 31, | | As of September 30, | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2013 | | 2014 | | 2015 | | 2016 | | 2016 | |
| | Effective interest rate | Amount HK$'000 | Effective interest rate | Amount HK$'000 | Effective interest rate | Amount HK$'000 | Effective interest rate | Amount HK$'000 | Effective interest rate | Amount HK$'000 |
| Short-term borrowings | | | | | | | | | | |
| Finance lease payable | – | – | 4.42% | 100 | 4.42%-10.07% | 36 | 10.07% | 11 | 10.07% | 11 |
| Secured . . | 0.16%-6.60% | 251,728 | 0.17%-6.60% | 370,236 | 1.02%-6.29% | 548,201 | 1.03%-6.29% | 603,687 | 1.03%-6.51% | 756,023 |
| Unsecured | 3.50%-7.20% | 51,050 | 3.50%-8.70% | 47,568 | 3.50% | 7,451 | 3.50% | 6,461 | | – |
| Subtotal . . | | 302,778 | | 417,904 | | 555,688 | | 610,159 | | 756,034 |
| Long-term borrowings | | | | | | | | | | |
| Finance lease payable | – | – | 4.42% | 25 | 4.42%-10.07% | 49 | 10.07% | 44 | 10.07% | 39 |
| Secured . . | – | – | 5.16% | 117,255 | 5.20%-6.29% | 410,134 | 5.20%-6.29% | 379,302 | 5.20%-6.51% | 329,091 |
| Subtotal . . | | – | | 117,280 | | 410,183 | | 379,346 | | 329,130 |
| **Total** . . . . . | | 302,778 | | 535,184 | | 965,871 | | 989,505 | | 1,085,164 |

Our secured borrowings are mainly secured by the pledge of certain of our property, plant and equipment, an investment property located in Hong Kong and the pledge of certain of our cash deposits. As of December 31, 2014 and 2015 and May 31, 2016, certain of our property, plant and equipment with a net carrying amount of HK$262.5 million, HK$682.1 million and HK$663.2 million were pledged to secure banking facilities and other borrowings granted to us, respectively. Our secured borrowings are also secured by a pledge of certain properties of Orient Profit, a company controlled by one of the Controlling Shareholders, and Kongmax Asia Pacific Limited, a company controlled by a member of our key management personnel, and a pledge of an insurance policy of Mr. Lam. Such security provided by related parties will be released upon Listing. Under two of our facility agreements, we have pledged our DPG stations located in Teluk Lembu II and Palembang. As of December 31, 2013, 2014 and 2015 and May 31, 2016, certain of our borrowings were guaranteed by Mr. Lam with an aggregate guaranteed amount of up to HK$458.7 million, HK$459.3 million, HK$984.3 million and HK$1,029.3 million, respectively. Such guarantee will be released upon Listing. We expect to repay our borrowings through cash flows generated from operating activities or refinancings.

Certain term loans containing repayment on demand clauses had carrying amounts of HK$177.6 million, HK$174.4 million, HK$87.6 million and HK$72.8 million, as of December 31, 2013, 2014 and 2015 and May 31, 2016, respectively.

Ignoring the effect of any repayment on demand clause and based on the maturity terms of the term loans, the following table sets forth the maturity profile of our bank and other borrowings as of the dates indicated:

| | As of December 31, | | | As of May 31, | As of September 30, |
|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 | 2016 |
| | (HK$ in thousands) | | | | |
| Within one year | 276,354 | 395,548 | 507,394 | 570,243 | 738,993 |
| In the second year | 4,063 | 61,196 | 108,459 | 84,877 | 45,899 |
| In the third to fifth years, inclusive | 10,694 | 67,773 | 340,351 | 325,135 | 300,272 |
| Beyond five years | 11,667 | 10,667 | 9,667 | 9,250 | – |
| **Total** | **302,778** | **535,184** | **965,871** | **989,505** | **1,085,164** |

The following table sets forth our bank and other borrowings as denominated in their currencies:

| | As of December 31, | | | As of May 31, | As of September 30, |
|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 | 2016 |
| | (HK$ in thousands) | | | | |
| Hong Kong dollars | 53,499 | 40,349 | 87,588 | 72,783 | 38,413 |
| Euro | 84,242 | 5,062 | 175,729 | 296,431 | 299,342 |
| Renminbi | 49,789 | 47,199 | 60 | 55 | 50 |
| United States dollars | 115,248 | 442,574 | 701,985 | 620,236 | 747,359 |
| Singapore dollars | – | – | 509 | – | – |
| **Total** | **302,778** | **535,184** | **965,871** | **989,505** | **1,085,164** |

Certain of our loan agreements require that we maintain or satisfy financial covenants. Under one of our loan agreements, we must maintain (i) a ratio of total net borrowings to tangible net worth of no more than 2.5 times from December 31, 2015 to December 31, 2016 and 2.0 times after December 31, 2016, a ratio of total net borrowings to EBITDA of no more than 2.5 times from December 31, 2015 to December 31, 2016 and 2.0 times after December 31, 2016 and a tangible net worth of at least HK$400.0 million from December 31, 2015 to December 31, 2016 and at least HK$500.0 million after December 31, 2016, and (ii) for a particular subsidiary of our Group, a ratio of total borrowings to tangible net worth of no more than 2.3 times between January 1, 2016 and December 31, 2016 and no more than 2.0 times after December 31, 2016, a ratio of total net borrowings to EBITDA equal or less than 2.0 times, and a tangible net worth of no less than HK$200 million from January 1, 2016 to December 31, 2016 and of no less than HK$300 million after December 31, 2016, each of the terms as defined and specified in the agreement. Under another loan agreement, we must maintain a ratio of consolidated debt to EBITDA of no more than 3.5 times, a ratio of consolidated gearing of no more than 2.5 times and consolidated tangible net worth of no less than HK$250.0 million, each of the terms as defined and specified in the agreement. Under our other loan agreements, a particular subsidiary of our Group must maintain a tangible net worth of not less than HK$200.0 million and a current ratio of at least 1.0, a ratio of total net borrowings to tangible net worth and subordinated borrowings of no more than 160%, a paid up share capital of no less than HK$10.0 million, each of the terms as defined and specified in the relevant loan agreement. Our Directors confirm that the agreements under our borrowings do not contain any covenant that will have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors further confirm that we had no material defaults in payment of trade and non-trade payables and bank and other borrowings, nor did we breach any covenants during the Track Record Period and up to the

Latest Practicable Date. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulty in obtaining credit facilities, or withdrawal of facilities or request for early repayment.

We intend to continue to finance portions of our capital expenditures with bank borrowings, as we deem appropriate. Except for such bank borrowings, we currently do not have plans for other material external debt financing. We do not anticipate any changes to the availability of bank financing to finance our operations in the future, although we cannot assure you that we will be able to access bank financing on favorable terms or at all.

Our Directors confirm that there is no material change in our indebtedness position since September 30, 2016, the latest date for liquidity disclosure, up to the date of this prospectus.

***Project Development and Installment Arrangements and Other Borrowings***

The table below sets forth the project development and installment arrangements with our project co-developer and EPC contractors and other borrowings in the form of finance leases of certain of our IBO projects, as of May 31, 2016:

**In Operation**

| **Projects** | **Type of arrangement** |
|---|---|
| Indonesia Teluk Lembu I | Other borrowings as finance lease |
| Indonesia Palembang | Installment arrangement |
| Bangladesh Pagla | Installment arrangement and other borrowings as finance lease |
| Myanmar Kyauk Phyu I | Installment arrangement |
| Myanmar Kyauk Phyu II | Installment arrangement |

**Under Construction[1]**

| **Projects** | **Type of arrangement** |
|---|---|
| Myanmar Myingyan[2] | Installment arrangement |
| Ghana | Installment arrangement |
| Indonesia Jambi[3] | Installment arrangement |

| | **In Operation** | **Under Construction[4]** |
|---|---|---|
| **Type of arrangement** | **Aggregate balance, as of May 31, 2016** | **Aggregate estimated installment payments to be paid beginning on commercial operation date[5]** |
| Installment arrangement | HK$549.3 million | US$138.1 million (equivalent to HK$1,070.8 million) |
| Other borrowings as finance lease | HK$263.5 million[3] | – |

Notes:

(1) These projects had not commenced commercial operations as of May 31, 2016. We did not have the obligation to pay the installment payments in relation to these projects as of May 31, 2016.

(2) The Myanmar Myingyan project had reached commercial operation date in June 2016. For further information please refer to the sub-section headed "Recent Developments" in this section.

(3) The Indonesia Jambi project had reached commercial operation date in September 2016. For further information please refer to the sub-section headed "Recent Developments" in this section.

(4) Based on estimate in agreement. Under the installment arrangements, the aggregate payments are subject to adjustment on commercial operation date and by any deposit amount already paid.

(5) Includes aggregate outstanding payments for our Kalimantan project, which is under the same finance lease as our Teluk Lembu I project. We have decommissioned the diesel-fired DPG station in Kalimantan, Indonesia, due to PLN requesting the replacement of its diesel-fired stations with gas-fired stations.

*Project Development and Installment Arrangements*

Pursuant to the project development and installment arrangements we entered into with CRRC, our project co-developer for some of our IBO projects, our project co-developer is expected to develop and construct the DPG stations and the ownership of the assets of DPG stations will be transferred from the project co-developer to us upon a commercial operation date specified in the agreement. Pursuant to these agreements, we normally pay a relatively small project development cost upfront to the project co-developer after execution of the agreement, a milestone payment after the commercial operation date and the remaining portion in the form of either a lump sum or installment payments over a period of time. For some of our agreements, if we choose to settle partial or all of the installment payments ahead of schedule, we are entitled to a discount on the installment payments. Prior to establishing our installment arrangements with our project co-developer, we also entered into similar arrangements with CNTIC, our EPC contractor, for certain of our DPG stations, where we pay a relatively small construction cost upfront and the remaining portion in the form of a lump sum shortly after the commercial operation date.

At the commercial operation date of a DPG station, we record the present value of our EPC installment payments due to our project co-developer and/or EPC contractors from the completion of the relevant DPG station, discounted at a rate based on our weighted average cost of debt, as other payable.

The payables to EPC contractors with carrying amounts as of December 31, 2014 and 2015 and May 31, 2016 of HK$112.9 million, HK$380.6 million and HK$549.3 million, respectively, were repayable by installments up to May 2019. The remaining balances were repayable on demand.

We believe these arrangements alleviate our working capital requirements.

*Other Borrowings*

We entered into two finance lease agreements with CRRC Capital (the "**Lessor**") under sale and leaseback arrangements in December 2015 in respect of our DPG station (the "**Leased Assets**") in Teluk Lembu I and Kalimantan in Indonesia and Pagla in Bangladesh, respectively. These finance lease arrangements are recorded as other borrowings and the risks and rewards of the Leased Assets are not transferred to the Lessor. We have decommissioned the diesel-fired DPG station in Kalimantan, Indonesia, due to PLN requesting the replacement of its diesel-fired stations with gas-fired stations. Pursuant to these agreements, we sold the Leased Assets to the Lessor at negotiated purchase prices with an aggregate amount of US$34.0 million (equivalent to HK$263.5 million translated at US$1 to HK$7.75, solely for convenience purposes) (the "**Principal Amount**") and the Lessor then leased the Leased Assets to us in return for periodic lease payments for three years. Upon expiry of the lease terms, we will repurchase the Leased Assets from the Lessor at the Principal Amount. As of May 31, 2016, our other borrowings (including both current and non-current portions), relating to our Leased Assets, was approximately HK$263.5 million, respectively. The carrying amount of our other borrowings is denominated in US dollars. We believe our finance lease arrangements alleviate our working capital requirements. For risks related to our finance lease arrangements, see "Risk Factors — Our secured loan facilities and finance lease arrangements restrict our ability to exercise full ownership rights over certain of our DPG stations, and would subject us to penalties if we defaulted".

### *Contingent Liabilities*

Except as disclosed in the prospectus, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, debentures, mortgages, charges, finance leases, liabilities under acceptances or acceptance credits (other than normal trade-related bills), hire purchase commitments, guarantees or other material contingent liabilities as of the Latest Practicable Date. As of the same date, we had not guaranteed the indebtedness of any independent third parties.

## CONTRACTUAL OBLIGATIONS

### *Capital Commitments*

The following table sets forth our capital commitments as of the date indicated:

| | As of December 31, | | | As of May 31, |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 |
| | | (HK$ in thousands) | | |
| Contracted, but not provided for: | | | | |
| Power generation assets | 625,372 | 699,917 | 1,477,601 | 1,271,792 |
| Motor vehicle | 330 | – | – | – |
| Authorized, but not contracted for: | | | | |
| Power generation assets | – | 360,945 | – | – |

We classify capital commitments as contracted, but not provided for if we are contractually obligated for the capital commitment. We classify a commitment as authorized, but not contracted for if our management has identified the potential capital commitment and has determined that it is more likely than not to make the commitment.

Our capital commitments contracted, but not provided for, in power generation assets decreased by 13.9% to HK$1,271.8 million as of May 31, 2016 from HK$1,477.6 million as of December 31, 2015, primarily due to the completion of construction of a DPG station in Myanmar.

Our capital commitments contracted, but not provided for, in power generation assets increased by 111.1% to HK$1,477.6 million as of December 31, 2015 from HK$699.9 million as of December 31, 2014, which represented our contracts for the construction of two DPG stations in Myanmar and one in Ghana.

Our capital commitments authorized, but not contracted for, in power generation assets was HK$360.9 million as of December 31, 2014, which represented our commitment to enter into contracts for the construction of two DPG stations in Indonesia.

***Operating Lease Commitments***

The following table sets forth our commitments for future minimum lease payments under our non-cancellable operating leases which fall due as of the dates indicated:

| | As of December 31, | | | As of May 31, |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 |
| | (HK$ in thousands) | | | |
| Within one year | 3,677 | 3,979 | 5,459 | 4,691 |
| In the second to fifth years, inclusive | 926 | 2,782 | 1,888 | 1,400 |
| | **4,603** | **6,761** | **7,347** | **6,091** |

**RELATED PARTY TRANSACTIONS**

We enter into transactions with our related parties from time to time.

The following table sets forth a breakdown of our amounts due from/to related parties as of the dates indicated:

| | As of December 31, | | | As of May 31, |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 |
| | (HK$ in thousands) | | | |
| Amounts due from related companies | 236 | 255 | 29,318 | 35,657 |
| Amounts due from a director | 2,659 | 4,009 | – | – |
| Amounts due from a shareholder | – | 700 | – | – |
| **Total** | **2,895** | **4,964** | **29,318** | **35,657** |
| Amounts due to related companies | 758 | 13,022 | – | – |
| Amounts due to a shareholder | – | 42,879 | – | – |
| Amounts due to a director | – | – | 6,138 | 12,102 |
| Loan from a shareholder | – | 101,706 | – | – |
| **Total** | **758** | **157,607** | **6,138** | **12,102** |

Amounts due from related companies primarily comprised amounts due from companies controlled by our Controlling Shareholders including VPower Chad as a result of our novating the underlying operating agreement for the Chad Project to VPower Technology Chad, and due from companies controlled by our key management personnel for fund advances, which were interest free and had no fixed terms of repayment. See "History, Reorganization and Corporate Structure — Disposal of operations in Chad," and "Connected Transactions — Project Income Agreement" for more details about the contract novation.

Amounts due from a director primarily comprised amounts due from Mr. Lam for fund advances, which were interest free and had no fixed terms of repayment.

Amounts due from a shareholder primarily comprised amounts due from Mr. Lee for a shareholder loan, which was interest free and had no fixed terms of repayment.

Amounts due to related companies primarily comprised amounts due to a company controlled by our key management personnel and due to companies controlled by our Controlling Shareholders for fund advances to the Company, which were interest free and had no fixed terms of repayment.

Amounts due to a shareholder primarily comprised amounts due to Ms. Tang for fund advances to the Company, which were interest free and had no fixed terms of repayment.

Amounts due to a director primarily comprised amounts due to Mr. Lam for fund advances to the Company, which were interest free and had no fixed terms of repayment.

Loan from a shareholder includes a loan of RMB80 million (equivalent to approximately HK$101.7 million, according to the exchange rate as set forth in the loan agreement) from Ms. Tang, which bore interest at 0.3% per annum.

As of the Latest Practicable Date, except for amounts due from related companies controlled by our Controlling Shareholders relating to the Chad Project (see section headed "Connected Transactions" of this prospectus), we have settled all amounts due from/to related parties.

In addition, we had the following material transactions with related parties for the periods indicated:

| | Year ended December 31, | | | Five months ended May 31, | |
|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2015 | 2016 |
| | (HK$ in thousands) | | | | |
| Rental expense paid to Orient Profit | (672) | (672) | (888) | (328) | (400) |
| Management fee income from Waton | 30 | – | – | – | – |
| Income from VPower Technology Chad for usage of property, plant and equipment | – | 1,648 | 3,562 | 1,752 | – |
| Income from contract assignment/novation to VPower Technology Chad | – | – | 9,250 | 3,814 | 3,826 |
| Disposal of items of property, plant and equipment to VPower Chad | – | – | 44,364 | – | – |
| Interest expense paid to a shareholder | – | (141) | (277) | (125) | – |

Rental expense paid to Orient Profit, a company controlled by one of our Controlling Shareholders, primarily comprised rental expenses in connection with a ten-year agreement entered April 1, 2005 and ending March 31, 2015 to rent a residential property as director's quarter for Mr. Lam for a fixed annual rent of HK$672,000. On April 1, 2015, the rental agreement was renewed for a term of three years for a fixed annual rent of HK$960,000.

Management fee income from Waton, a company that Mr. Lam had influence over until July 23, 2014, primarily comprised of income from providing the Company with general and administrative services.

Income from VPower Technology Chad for usage of property, plant and equipment relates to our providing property, plant and equipment to VPower Technology Chad, a company controlled by one of our Controlling Shareholders, for use in Chad. This arrangement was terminated pursuant to the disposal of such assets to VPower Chad. For more details, refer to "History, Reorganization and Corporate Structure — Reorganization — Disposal of operations in Chad".

Income from contract assignment/novation to VPower Technology Chad, a company controlled by one of our controlling shareholders, relates to the novation of the underlying operating agreement for the Chad Project to VPower Technology Chad. See "History, Reorganization and Corporate Structure — Disposal of operations in Chad," and "Connected Transactions — Project Income Agreement".

Interest expense paid to a shareholder primarily comprised a shareholder loan which bore interest at 0.3% per annum.

Disposal of items of property, plant and equipment to VPower Chad, a company controlled by one of our Controlling Shareholders, relates to a disposal to VPower Chad. For details, please refer to the sections headed "History, Reorganization and Corporate Structure — Reorganization — Disposal of operations in Chad" and "Connected Transactions — Project Income Agreement" in this prospectus.

As of December 31, 2013, a performance guarantee in the amount of US$28.0 million (equivalent to HK$217.1 million) was issued by a bank in favor of our EPC contractor, which was guaranteed by Mr. Lam up to an aggregate guarantee amount of US$28.0 million (equivalent to HK$217.1 million) and was released during the year ended December 31, 2014.

We will discontinue all non-trade related party transactions after Listing, except as in compliance with the Listing Rules.

It is the view of our Directors that each of the related party transactions set out in notes 18 and 34 to the Accountants' Report set forth in Appendix I to this prospectus were conducted in the ordinary course of business on an arm's length basis between the relevant parties and were entered into on normal commercial terms. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or make our historical results not reflective of our future performance.

## KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios as of the dates indicated:

| | As of and for the year ended December 31, | | | As of and for the five months ended May 31, |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 |
| **Profitability ratios** | | | | |
| Return on equity[1] | 9.6% | 70.9% | 36.7% | N/A |
| Return on total assets[2] | 1.6% | 10.6% | 6.5% | N/A |
| **Liquidity ratios** | | | | |
| Current ratio[3] | 0.8 | 0.8 | 1.1 | 1.0 |
| Quick ratio[4] | 0.5 | 0.5 | 0.8 | 0.6 |
| Liabilities to assets ratio[5] | 0.8 | 0.9 | 0.8 | 0.8 |
| **Capital adequacy ratios** | | | | |
| Net gearing ratio[6] | 2.3 | 1.4 | 1.0 | 1.1 |
| Interest coverage[7] | 2.8 | 10.6 | 5.7 | 2.6 |

Notes:

(1) Return on equity is calculated based on profit for the year divided by the arithmetic mean of the opening and closing balances of total equity in the relevant year and multiplied by 100%.

(2) Return on total assets is calculated based on profit for the year divided by the arithmetic mean of the opening and closing balances of total assets in the relevant year and multiplied by 100%.

(3) Current ratio is calculated based on total current assets divided by total current liabilities.

(4) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities.

(5) Liabilities to assets ratio is calculated based on total liabilities divided by total assets.

(6) Net gearing ratio is calculated based on total debt (excluding loan from shareholder) less cash and cash equivalent and pledged deposits divided by total equity.

(7) Interest coverage is calculated by dividing profit before tax and finance costs by finance costs.

**Return on equity**

Our return on equity decreased from 70.9% for the year ended December 31, 2014 to 36.7% for the year ended December 31, 2015, primarily due to a significant increase in our equity due to a new round of equity financing from CRRC and Millennium Fortune. See "History, Reorganization and Corporate Structure — Introduction of Investors — CRRC" and "History, Reorganization and Corporate Structure — Introduction of Investors — Millennium Fortune".

**Return on total assets**

Our return on total assets decreased from 10.6% for the year ended December 31, 2014 to 6.5% for the year ended December 31, 2015, primarily due to the addition of two DPG stations in 2015, which only contributed income for a part of the year.

**Current ratio**

Our current ratio decreased from 1.1 as of December 31, 2015 to 1.0 as of May 31, 2016, primarily due to an increase in other payables and accruals mainly as a result of the completion of a DPG station in Myanmar.

Our current ratio increased from 0.8 as of December 31, 2014 to 1.1 as of December 31, 2015, primarily due to an increase in cash as a result of equity financing from CRRC and Millennium Fortune. See "History, Reorganization and Corporate Structure — Introduction of Investors — CRRC" and "History, Reorganization and Corporate Structure — Introduction of Investors — Millennium Fortune".

Our current ratio as of December 31, 2013 and 2014 remained unchanged at 0.8.

**Quick ratio**

Our quick ratio decreased from 0.8 as of December 31, 2015 to 0.6 as of May 31, 2016, primarily due to an increase in other payables and accruals mainly as a result of the completion of a DPG station in Myanmar.

Our quick ratio increased from 0.5 as of December 31, 2014 to 0.8 as of December 31, 2015, primarily due to an increase in our operating cash flow and equity financing from CRRC and Millennium Fortune. See "History, Reorganization and Corporate Structure — Introduction of Investors — CRRC" and "History, Reorganization and Corporate Structure — Introduction of Investors — Millennium Fortune".

Our quick ratio as of December 31, 2013 and 2014 remained unchanged at 0.5.

**Liabilities to asset ratio**

Our liabilities to asset ratio as of December 31, 2015 and May 31, 2016 remained unchanged at 0.8.

Our liabilities to asset ratio decreased from 0.9 as of December 31, 2014 to 0.8 as of December 31, 2015, primarily due to the equity financing from CRRC and Millennium Fortune. See "History, Reorganization and Corporate Structure — Introduction of Investors — CRRC" and "History, Reorganization and Corporate Structure — Introduction of Investors — Millennium Fortune".

Our liabilities to asset ratio increased from 0.8 as of December 31, 2013 to 0.9 as of December 31, 2014, primarily due to an increase in short-term borrowings.

**Net gearing ratio**

Our net gearing ratio increased from 1.0 as of December 31, 2015 to 1.1 as of May 31, 2016, primarily due to an increase in borrowing.

Our net gearing ratio decreased from 1.4 as of December 31, 2014 to 1.0 as of December 31, 2015, primarily due to an increase in share capital as a result of the equity financing from CRRC and Millennium Fortune. See "History, Reorganization and Corporate Structure — Introduction of Investors — CRRC" and "History, Reorganization and Corporate Structure — Introduction of Investors — Millennium Fortune".

Our gearing ratio decreased from 2.3 as of December 31, 2013 to 1.4 as of December 31, 2014, primarily due to an increase in equity as a result of increased retained profits for the year ended December 31, 2014.

**Interest coverage**

Our interest coverage ratio decreased from 5.7 as of December 31, 2015 to 2.6 as of May 31, 2016, primarily due to an increase in payables under our EPC contracts and our increased bank borrowings as well as increased interest on finance leases as we entered into two finance lease agreements in December 2015.

Our interest coverage ratio decreased from 10.6 as of December 31, 2014 to 5.7 as of December 31, 2015, primarily due to an increase in borrowing.

Our interest coverage ratio increased from 2.8 as of December 31, 2013 to 10.6 as of December 31, 2014, primarily due to an increase in our net profit for the year.

**OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS**

Except for the contractual obligations set forth above, we have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our Shares and classified as shareholder's equity, or that are not reflected in our combined financial statements. We do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

## MARKET RISKS

We are exposed to a variety of market risks, including interest risk, foreign currency risk, credit risk and liquidity risk, as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. As of the Latest Practicable Date, we did not hedge or consider necessary to hedge any of these risks. For further details, including relevant sensitivity analysis, please see note 37 to the Accountants' Report set forth in Appendix I to this prospectus.

### *Interest Risk*

Our exposure to the risk of changes in market interest rates relates primarily to our interest-bearing bank borrowings with floating interest rates. We do not use derivative financial instruments to hedge against our interest rate risk. We mitigate this risk by closely monitoring the movements in interest rates and reviewing our available credit facilities and their utilization regularly.

At the end of 2013, 2014 and 2015 and the five months ended May 31, 2016, if the interest rates on bank borrowings had been 25 basis points higher/lower, with all other variables held constant, our profit before tax for the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2016 would have decreased/increased by HK$0.8 million, HK$1.3 million, HK$1.8 million and HK$1.8 million, respectively, as a result of higher/lower interest expenses on bank borrowings.

### *Foreign Currency Risk*

We are exposed to foreign currency risk as we have operations in multiple jurisdictions using different currencies. Our supplier contracts are mainly denominated in Euros, Renminbi and U.S. dollars. Our customer contracts are denominated mainly in U.S. dollars, IDR, Renminbi and Euros. For associated risks, please refer to "Risk Factors — Risks Related to Emerging Markets and the PRC — Currency fluctuations may adversely affect our revenues and costs".

Due to the multi-jurisdictional nature of our business, we may need more currency to cover our costs of goods sold, or we may receive more revenue than we expense in one currency in any particular year. By way of example, based on our management's best estimates, in 2013, 2014, 2015 and the five months ended May 31, 2016, 27.7%, 8.3%, 5.1% and 7.5% of our revenue was denominated in Euros, while 69.3%, 60.4%, 53.7% and 55.8% of our cost of goods sold was denominated in Euros, respectively. In 2013, 2014, 2015 and the five months ended May 31, 2016, based on our management's best estimates, 29.1%, 10.1%, 8.9% and 5.9% of our revenue was denominated in Renminbi, while 23.5%, 29.2%, 25.6% and 24.8% of our cost of goods sold was denominated in Renminbi, respectively. In 2013, 2014, 2015 and the five months ended May 31, 2016, based on our management's best estimates, 5.4%, 8.4%, 12.8% and 9.9% of our revenue was in IDR, while 0.01%, 0.01%, 3.1% and 1.4% of our cost of goods sold was denominated in IDR, respectively. The impact of such difference would translate into our exposure to any particular currency fluctuations during that particular year. We have hence instituted a hedging policy to manage such risks and costs associated with currency fluctuations. Please refer to "Business — Internal Control and Risk Management — Hedging Policy" for more details.

Furthermore, in order to show the impact of the currency fluctuations during the Track Record Period, the following tables demonstrate the sensitivity, at the end of each of the relevant periods to a reasonably possible change in the respective exchange rates, with all other variables held constant, of our (a) revenue, (b) cost of sale, (c) gross profit and (d) gross profit margin. The sensitivities are purely indicative and are

based on simplified scenarios of adjusting a particular exchange rate with all other variables held constant, including assuming no management action is taken, and stating the impact of such change with respect to a particular line item for the period indicated. The sensitivities below are provided as reference and should not be taken as an indication of actual changes that have occurred during the Track Record Period or an indication of any change that may occur in the future. Furthermore, the sensitivities should not be taken as an indication that we have been able to convert any of the currencies listed during the Track Record Period or that we would be able to convert any of the currencies listed in the future. For associated risks, please refer to "Risk Factors — Risks Related to Emerging Markets and the PRC — Restrictions on currency exchange may limit our ability to receive and use our revenues effectively".

*Revenue*

| | If Hong Kong dollar strengthens by 10% | If Hong Kong dollar strengthens by 5% | If Hong Kong dollar weakens by 5% | If Hong Kong dollar weakens by 10% |
|---|---|---|---|---|
| | Increase/(decrease) in revenue | | | |
| | (HK$ in thousands) | | | |
| 2013 | | | | |
| Against the Euro | (15,924) | (7,962) | 7,962 | 15,924 |
| Against the Renminbi | (16,758) | (8,379) | 8,379 | 16,758 |
| Against the IDR | (3,087) | (1,543) | 1,543 | 3,087 |
| 2014 | | | | |
| Against the Euro | (7,705) | (3,852) | 3,852 | 7,705 |
| Against the Renminbi | (9,358) | (4,679) | 4,679 | 9,358 |
| Against the IDR | (7,837) | (3,919) | 3,919 | 7,837 |
| 2015 | | | | |
| Against the Euro | (6,175) | (3,088) | 3,088 | 6,175 |
| Against the Renminbi | (10,765) | (5,383) | 5,383 | 10,765 |
| Against the IDR | (15,508) | (7,754) | 7,754 | 15,508 |
| Five months ended May 31, 2016 | | | | |
| Against the Euro | (3,924) | (1,962) | 1,962 | 3,924 |
| Against the RMB | (3,016) | (1,508) | 1,508 | 3,016 |
| Against the IDR | (5,056) | (2,528) | 2,528 | 5,056 |

*Cost of Goods Sold*

| | If Hong Kong dollar strengthens by 10% | If Hong Kong dollar strengthens by 5% | If Hong Kong dollar weakens by 5% | If Hong Kong dollar weakens by 10% |
|---|---|---|---|---|
| | Increase/(decrease) in cost of goods sold | | | |
| | (HK$ in thousands) | | | |
| 2013 | | | | |
| Against the Euro | (33,515) | (16,757) | 16,757 | 33,515 |
| Against the RMB | (11,361) | (5,680) | 5,680 | 11,361 |
| Against the IDR | (418) | (209) | 209 | 418 |
| 2014 | | | | |
| Against the Euro | (41,169) | (20,584) | 20,584 | 41,169 |
| Against the RMB | (19,877) | (9,939) | 9,939 | 19,877 |
| Against the IDR | (669) | (335) | 335 | 669 |
| 2015 | | | | |
| Against the Euro | (46,686) | (23,343) | 23,343 | 46,686 |
| Against the RMB | (22,242) | (11,121) | 11,121 | 22,242 |
| Against the IDR | (2,702) | (1,351) | 1,351 | 2,702 |
| Five months ended May 31, 2016 | | | | |
| Against the Euro | (19,730) | (9,865) | 9,865 | 19,730 |
| Against the RMB | (8,960) | (4,480) | 4,480 | 8,960 |
| Against the IDR | (486) | (243) | 243 | 486 |

*Gross Profit Margin*

| | If Hong Kong dollar strengthens by 10% | If Hong Kong dollar strengthens by 5% | If Hong Kong dollar weakens by 5% | If Hong Kong dollar weakens by 10% |
|---|---|---|---|---|
| | Increase/(decrease) in gross profit margin | | | |
| | (%) | | | |
| 2013 | | | | |
| Against the Euro | 3.07 | 1.54 | (1.54) | (3.07) |
| Against the RMB | (0.94) | (0.47) | 0.47 | 0.94 |
| Against the IDR | (0.47) | (0.23) | 0.23 | 0.47 |
| 2014 | | | | |
| Against the Euro | 3.60 | 1.80 | (1.80) | (3.60) |
| Against the RMB | 1.13 | 0.57 | (0.57) | (1.13) |
| Against the IDR | (0.77) | (0.39) | 0.39 | 0.77 |
| 2015 | | | | |
| Against the Euro | 3.43 | 1.72 | (1.72) | (3.43) |
| Against the RMB | 0.95 | 0.47 | (0.47) | (0.95) |
| Against the IDR | (1.06) | (0.53) | 0.53 | 1.06 |
| Five months ended May 31, 2016 | | | | |
| Against the Euro | 3.10 | 1.55 | (1.55) | 3.10 |
| Against the RMB | 1.16 | 0.58 | (0.58) | (1.16) |
| Against the IDR | (0.90) | (0.45) | 0.45 | 0.90 |

*Gross Profit*

| | If Hong Kong dollar strengthens by 10% | If Hong Kong dollar strengthens by 5% | If Hong Kong dollar weakens by 5% | If Hong Kong dollar weakens by 10% |
|---|---|---|---|---|
| | Increase/(decrease) in gross profit | | | |
| | (HK$ in thousands) | | | |
| 2013 | | | | |
| Against the Euro | 17,682 | 8,841 | (8,841) | (17,682) |
| Against the RMB | (5,397) | (2,698) | 2,698 | 5,397 |
| Against the IDR | (2,678) | (1,339) | 1,339 | 2,678 |
| 2014 | | | | |
| Against the Euro | 33,503 | 16,751 | (16,751) | (33,503) |
| Against the RMB | 10,520 | 5,260 | (5,260) | (10,520) |
| Against the IDR | (7,174) | (3,587) | 3,587 | 7,174 |
| 2015 | | | | |
| Against the Euro | 41,619 | 20,810 | (20,810) | (41,619) |
| Against the RMB | 11,475 | 5,738 | (5,738) | (11,475) |
| Against the IDR | (12,812) | (6,406) | 6,406 | 12,812 |
| Five months ended May 31, 2016 | | | | |
| Against the Euro | 15,806 | 7,903 | (7,903) | (15,806) |
| Against the RMB | 5,944 | 2,972 | (2,972) | (5,944) |
| Against the IDR | (4,570) | (2,285) | 2,285 | 4,570 |

*Forward Currency Arrangements*

To mitigate the currency fluctuation risks, we have entered into forward currency arrangements. Please see "Business — Internal Control and Risk Management — Hedging Policy" for details of our hedging policy.

As of December 31, 2013, we did not have any outstanding foreign currency forward contracts. Major terms of the foreign currency forward contracts we entered into during the years ended December 31, 2014 and 2015 and the five months ended May 31, 2016 were as follows:

**December 31, 2014**

| Notional amount | Forward contract rates | Contract date | Expiry date | Realized gains/(losses) |
|---|---|---|---|---|
| 1 contract to buy Euro in total of US$18.2 million | Varies, depending on expiry reference rate and whether target knock-out event has occurred. For reference, contract contains strike price of US$1 to EUR1.25 | September 18, 2014 | September 17, 2015 | HK$0.3 million |

**December 31, 2015**

| Notional amount | Forward contract rates | Contract date | Expiry date | Realized gains/(losses) |
|---|---|---|---|---|
| 1 contract to buy Euro in total of US$18.2 million | Varies, depending on expiry reference rate and whether target knock-out event has occurred. For reference, contract contains strike price of US$1 to EUR1.25 | September 18, 2014 | September 17, 2015 | (HK$28.6 million) |
| 1 contract to buy Norwegian Krones in total of US$1.1 million | US$1 to NOK8.703 | November 17, 2015 | May 19, 2016 | N/A |

**Between December 31, 2015 and May 31, 2016**

| Notional amount | Forward contract rates | Contract date | Expiry date | Realized gains/(losses) |
|---|---|---|---|---|
| 1 contract to sell IDR in total of US$1 million | US$1 to IDR 13,600.0 | February 16, 2016 | March 16, 2016 | (HK$0.3 million) |
| 1 contract to sell IDR in total of US$1.5 million | US$1 to IDR13,700.0 | February 16, 2016 | April 14, 2016 | (HK$0.4 million) |
| 1 contract to sell IDR in total of US$1.5 million | US$1 to IDR 13,800.0 | February 16, 2016 | May 16, 2016 | (HK$0.4 million) |
| 1 contract to buy Norwegian Krones in total of US$1.1 million | US$1 to NOK8.703 | November 17, 2015 | May 19, 2016 | HK$0.4 million |

We did not enter into any foreign currency forward contracts after May 31, 2016.

In accordance with the relevant accounting standard, the foreign currency forward contracts entered into by us are derivative financial instruments and the outstanding foreign currency forward contracts at the end of each reporting period should be measured at fair value.

***Credit Risk***

We are exposed to credit risk primarily arising from trade receivables, deposits and other receivables, amount due from related companies, directors and a shareholder, pledged deposits and cash and cash equivalents. We had certain concentrations of credit risk as 59%, 30%, 40% and 29%, and 76%, 79%, 79% and 70% of our trade receivables as of December 31, 2013, 2014 and 2015 and May 31, 2016 were due from our largest debtor and the five largest debtors, respectively. We continuously monitor the level of exposure to ensure that follow-up actions and/or corrective actions are taken promptly to lower the risk exposure or to recover overdue balances.

We mainly transact with creditworthy third parties. Receivable balances are monitored on an on-going basis and our exposure to bad debts is not significant.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as of the end of the reporting period in relation to each class of recognized financial assets was the carrying amounts of those assets as stated on our balance sheets.

***Liquidity Risk***

Our exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. We monitor our risk to a shortage of funds by considering the maturities of both our financial liabilities and financial assets.

We aim to maintain a balance between the continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance leases and will endeavor to shift our short-term borrowings to long-

term borrowings when interest risks are cost-effective. We aim to maintain sufficient cash and cash equivalents to meet our liquidity requirements.

***Capital Management***

The primary objectives of our capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to continue to provide returns for shareholders and benefits for other stakeholders.

We actively and regularly review and manage our capital structure and strive to maintain a sound capital position, and make adjustments to the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, we may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period.

## DIVIDENDS AND DIVIDEND POLICY

We declared dividends of HK$5.4 million and HK$139.5 million in the years ended December 31, 2013 and 2015, respectively, which have already been paid as of December 31, 2015. On May 26, 2016, we also declared a dividend of HK$50.0 million to our shareholders as of December 31, 2015 for the year ended December 31, 2015, which has been fully paid as of June 22, 2016. Investors in the Global Offering and persons becoming Shareholders after the Listing will not be entitled to the aforementioned dividends.

Our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and any circumstances that might reduce the profits that are distributable whether by losses or otherwise, as well as any other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Company Law. Our shareholders at a general meeting must approve any declaration of dividends, which must not exceed the amount recommended by our Board. In addition, our Directors may from time to time pay such interim dividends as our Board considers to be justified by our profits and overall financial requirements, or special dividends of such amounts and on such dates as they think appropriate. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Based on our present financial position and business strategies, we currently intend, subject to the above considerations and in the absence of any circumstances which might reduce the profits that are distributable whether by losses or otherwise, to distribute up to 25% of our profit for the year post-Listing to our shareholders. There is no assurance that we will be able to declare dividends of such amount or any amount in any year. In addition, the declaration and/or payment of dividends may be limited by the restrictions in our current or future financing agreements, the availability of distributable reserves and any other legal or regulatory restrictions.

## DISTRIBUTABLE RESERVES

Our distributable reserves consist of retained profits, if any. As of May 31, 2016, we had reserves of HK$154.5 million, which are available for distribution to our equity shareholders.

## LISTING EXPENSES

Our listing expenses mainly include underwriting commissions and professional fees paid to legal advisers and the Reporting Accountants for their services rendered in relation to the Listing and the Global Offering. The estimated total listing expenses (based on the midpoint of our indicative price range for the Global Offering and assuming that the Over-allotment Option is not exercised, including underwriting commissions) for the Global Offering are approximately HK$104.4 million. As of May 31, 2016, we incurred approximately HK$33.0 million of listing expenses for the Global Offering, of which HK$25.0 million was charged to the combined statements of profit or loss during the Track Record Period, as expenses. The remaining HK$8.0 million was recognized as prepayments, which is expected to be charged against equity upon successful Listing under the relevant accounting standards. We expect to further incur listing expenses of HK$71.4 million in connection with the Global Offering, of which an estimated amount of HK$27.9 million is expected to be recognized as expenses and the remaining amount of HK$43.5 million is expected to be recognized directly as a deduction from equity upon the Listing.

## UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The following is an illustrative statement of our unaudited pro forma adjusted combined net tangible assets which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on May 31, 2016. This statement of unaudited pro forma adjusted combined net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Global Offering been completed as of May 31, 2016 or at any future dates.

The following is an illustrative pro forma statement of our adjusted net tangible assets which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on May 31, 2016.

This pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of our net tangible assets attributable to the owners of the Company as of May 31, 2016 or at any future dates following the Global Offering.

| | Audited combined net tangible assets attributable to the owners of the Company as of May 31, 2016[1] | Estimated net proceeds from the Global Offering[2] | Unaudited pro forma adjusted combined net tangible assets | Unaudited pro forma adjusted combined net tangible assets per Share[3] |
|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$ |
| Based on an Offer Price of HK$2.78 per Offer share | 515,923 | 1,482,290 | 1,998,213 | 0.78 |
| Based on an Offer Price of HK$3.47 per Offer share | 515,923 | 1,858,999 | 2,374,922 | 0.93 |

Notes:

(1) The audited combined net tangible assets attributable to owners of the Company as of May 31, 2016 is based on the audited combined equity attributable to owners of the Company as of May 31, 2016 of HK$515.9 million, extracted from the Accountants' Report set out in Appendix I to this Prospectus.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$2.78 and HK$3.47 per Offer Share, being the minimum Offer Price and maximum Offer Price of the Offer Price range, after deduction of the underwriting fees and other listing related expenses (including listing related expenses of approximately HK$25.0 million charged to profit or loss during the Track Record Period), which would be amounting to approximately HK$1,457.3 million based on the minimum Offer Price and approximately HK$1,834.0 million based on the maximum Offer Price and without taking into account of any Shares which may be issued upon exercise of the Over-allotment Option or any option which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme.

(3) The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 2,560,000,000 Shares expected to be in issue immediately following the completion of the Global Offering without taking into account of any Shares which may be issued upon exercise of the Over-allotment Option or of any options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme.

(4) No adjustment has been made to the pro forma adjusted net tangible assets attributable to owners of the Company as of May 31, 2016 to reflect any trading result or other transaction of the Group entered into subsequent to May 31, 2016.

## NO MATERIAL ADVERSE CHANGE

We confirm that there has been no material adverse change in our financial or trading position since May 31, 2016, being the date of the latest audited combined financial position of our Group as set out in the Accountants' Report in Appendix I to this prospectus.

## RELATED PARTY TRANSACTIONS

It is the view of our Directors that each of the related party transactions set out in note 34 to the Accountants' Report set forth in Appendix I to this prospectus were conducted in the ordinary and usual course of business and on mutually agreed terms between the relevant parties. Except for the key management personnel compensation which will continue after completion of the Global Offering, other related party transactions have been terminated before the Global Offering. See "Relationship with our Controlling Shareholders — Independence from our Controlling Shareholders — Financial Independence".

## DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

## DIRECTORS

| Name | Age | Current Position | Date of appointment as Director | Date of joining our Group | Roles and Responsibilities |
|---|---|---|---|---|---|
| Mr. LAM Yee Chun (林而聰) | 45 | Executive Director and Executive Chairman | February 22, 2016 | June 1, 2001 | Formulating overall mission and vision of our Group, responsible for the leadership of the Board, performing his duties under the nomination committee and providing top-level leadership of the general management of our Group |
| Mr. LEE Chong Man Jason (李創文) | 47 | Executive Director and Co-Chief Executive Officer | April 26, 2016 | June 1, 2001 | Formulating overall corporate strategies and policies of our Group, responsible for general management and day-to-day operation of our Group |
| Mr. AU-YEUNG Tai Hong Rorce (歐陽泰康) | 59 | Executive Director and Co-Chief Executive Officer | April 26, 2016 | June 1, 2014 | Formulating overall corporate strategies and policies of our Group, responsible for general management and day-to-day operation of our Group |
| Mr. LO Siu Yuen (盧少源) | 45 | Executive Director and Chief Operation Officer | April 26, 2016 | September 1, 2011 | Formulating overall strategies and policies in relation to the project functional operation including human resources planning of our Group, overseeing ongoing project functional business operations including procurement and logistics, and human resources planning of our Group |
| Ms. CHAN Mei Wan (陳美雲) | 44 | Non-Executive Director and Vice Chairwoman | April 26, 2016 | June 1, 2001 | Advising on key human resources and financial matters and performing her duties as a Director through the Board, the Audit Committee and the Remuneration Committee |
| Dr. CHAN Ka Keung (陳家強) | 49 | Non-Executive Director | April 26, 2016 | April 26, 2016 | Advising on clean power generation industry's development and business investment matters |
| Mr. David TSOI (蔡大維) | 69 | Independent Non-Executive Director | October 24, 2016 | October 24, 2016 | Performing his duties as a Director through the Board, the Audit Committee (*Chairman*) and the Nomination Committee |
| Mr. YEUNG Wai Fai Andrew (楊煒輝) | 44 | Independent Non-Executive Director | October 24, 2016 | October 24, 2016 | Performing his duties as a Director through the Board, the Audit Committee and the Remuneration Committee (*Chairman*) |
| Mr. SUEN Wai Yu (孫懷宇) | 38 | Independent Non-Executive Director | October 24, 2016 | October 24, 2016 | Performing his duties as a Director through the Board, the Nomination Committee (*Chairman*) and the Remuneration Committee |

## SENIOR MANAGEMENT

| Name | Age | Current Position | Date of appointment as Senior Management | Date of joining our Group | Roles and Responsibilities |
|---|---|---|---|---|---|
| Mr. LAM Yee Chun (林而聰) | | | | See above | |
| Mr. LEE Chong Man Jason (李創文) | | | | See above | |
| Mr. AU-YEUNG Tai Hong Rorce (歐陽泰康) | | | | See above | |
| Mr. LO Siu Yuen (盧少源) | | | | See above | |
| Mr. Boyang LIU (劉波陽) | 46 | Chief Investment Officer | April 26, 2016 | January 2, 2015 | Formulating overall strategies and policies in relation to the project investment of our Group, responsible for the long term strategies, project investment direction, business planning and forecasting, merger & acquisition, capital structure, capital allocation and investor relationship for our Group |
| Mr. CHAN Kam Shing (陳金成) | 44 | Chief Financial Officer and Company Secretary | April 26, 2016 | January 12, 2015 | Formulating overall strategies and policies in relation to the financial management of our Group, responsible for all strategic and tactical matters related to financial reporting, budget management, cost-benefit analysis, tax planning and treasury management of our Group |
| Mr. CHEUNG Yeung Earnest (張陽) | 43 | Chief Commercial Officer | April 26, 2016 | August 13, 2015 | Formulating overall strategies and policies in relation to the commercial and business development of our Group, responsible for the overall marketing, sales, product development, customer services to drive business growth and market share of our Group |

## BOARD OF DIRECTORS

The Board currently consists of nine Directors, comprising four executive Directors, two non-executive Directors and three independent non-executive Directors. The functions and duties of the Board include convening shareholders' meetings, reporting on the Board's work at these meetings, implementing the resolutions passed on these meetings, determining business and investment plans, formulating our annual budget and final accounts, and formulating our proposals for profit distributions and for the increase or reduction of registered capital. In addition, the Board is responsible for exercising other powers, functions and duties in accordance with the Articles of Association.

***Executive Directors***

**Mr. LAM Yee Chun** is our co-founder and executive chairman and was appointed as our executive Director on February 22, 2016. Mr. Lam is principally responsible for our Group's strategic developments in both commercial and technical aspects.

Mr. Lam has more than 20 years of experience in entrepreneurship, general management, project management, supply-chain management, system integration and operation and maintenance in the engine based power generation industry.

As a project engineer for Cummins Hong Kong Ltd., in charge of power generation projects between 1993 and 1995, Mr. Lam has gained numerous experiences in design, practical works and operation. He has years of experiences in designing PGS for various applications, including backup or prime use in emergency situations such as disasters or power outages as well as continuous power generation for power stations.

Mr. Lam obtained a higher certificate in building services engineering from the Hong Kong Polytechnic University in November 1997.

On November 2, 2016, Mr. Lam was awarded the Young Industrialist Awards of Hong Kong 2016 by the Federation of Hong Kong Industries.

Mr. Lam is the husband of our non-executive Director, Ms. Chan.

**Mr. LEE Chong Man Jason** is our co-founder and co-chief executive officer and was appointed as our executive Director on April 26, 2016.

Mr. Lee has more than 15 years of experience in general management, global sales, distribution, project management, business development, power monitoring, power quality control and power saving in the engine based power generation industry, as well as setting our current business strategies, direction and goals.

Mr. Lee obtained a bachelor of science in electrical engineering from University of Calgary, Canada in June 1994.

**Mr. AU-YEUNG Tai Hong Rorce** joined our Group in June 2014. He is our co-chief executive officer and was appointed as our executive Director on April 26, 2016.

Mr. Au-Yeung has over 20 years of multinational corporate executive experience in the environmental infrastructure and energy industry.

Prior to joining our Group in June 2014, Mr. Au-Yeung was the chief executive officer of Dongjiang Environment (HK) Co., Limited, a subsidiary of Dongjiang Environmental Company Limited (Stock Code: 895.HK), between September 2007 and June 2010. Prior to that and during the period from 1989 to 2007, he served on various executive management roles for multinational corporations including acting as the executive vice president of Veolia Environmental Services Hong Kong Limited when he left the company in August 2007 and prior to that as legal counsel of Pacific Waste Management Limited (now part of Veolia Environmental Services China Limited) from February 1994 and as attorney of Exxon Chemical International — Asia Limited between January 1991 and December 1993.

Mr. Au-Yeung served as a director of NovaSolar Holdings Limited, a BVI-incorporated company ("**NovaSolar BVI**"), between January 2010 and April 2013. NovaSolar BVI invested in NovaSolar Inc.

("**NovaSolar US**"), a Delaware-incorporated company specialized in the development of photovoltaic technology. Mr. Au-Yeung was not a director of, nor was he involved in the management of NovaSolar US. In October 2013, a claim (the "**Claim**") which was of monetary and civil nature was initiated at the High Court of Hong Kong by Milan Star Limited ("**Milan Star**"), an independent third party not connected with Mr. Au-Yeung, against NovaSolar BVI (as borrower) and Mr. Au-Yeung (as guarantor) over a sum of US$4.4 million due from loans advanced by Milan Star to NovaSolar BVI between July and October 2011. Milan Star required the personal guarantee from Mr. Au-Yeung as a term of the investment. The sum was invested by NovaSolar BVI into NovaSolar US to fund the operations and business development of the latter. Subsequently in 2012, NovaSolar US went into liquidation proceedings (and was liquidated in September 2015), and NovaSolar BVI was unable to repay the loans upon demand after they fell due. Milan Star succeeded in the Claim and then filed a bankruptcy petition against Mr. Au-Yeung at the High Court of Hong Kong in March 2014 (the "**Petition**"), which was withdrawn in July 2014 following the settlement between Mr. Au-Yeung and Milan Star for full and final settlement of the Claim.

The Claim was a monetary civil claim and did not allege any dishonesty, fraud or breach of fiduciary duties as a director or personally on the part of Mr. Au-Yeung. The Petition was settled with no judgment or order being made against Mr. Au-Yeung. Based on the foregoing, our Company does not consider the Claim or the Petition would affect Mr. Au-Yeung's ability to fulfill his fiduciary duties as an executive Director of our Company in accordance with Rule 3.08 of the Listing Rules, and his character, experience, and integrity and ability to demonstrate a standard of competence commensurate with his position as an executive Director of our Company, pursuant to Rule 3.09 of the Listing Rules.

Mr. Au-Yeung is an independent non-executive director of CL Group (Holdings) Limited (Stock Code: 8098.HK) since February 2011. He is the chairman of the remuneration committee and a member of the audit committee of its board of directors, but is not involved in its day-to-day operation.

Mr. Au-Yeung obtained a juris doctor degree from Santa Clara University in May 1987 and a bachelor of science in business administration (accounting) from San Jose State University in May 1983. Mr. Au-Yeung is also a US lawyer by training admitted to the California Bar in March 1990.

**Mr. LO Siu Yuen** joined our Group in September 2011. He is our chief operation officer and was appointed as our executive Director on April 26, 2016.

Mr. Lo has been a certified public accountant since July 1998 with over 20 years of experience in accounting, auditing, and financial management. Mr. Lo had served as various managerial, consultant, compliance and/or auditing roles from 1994 to 2011 including as the senior consultant of various consultant companies between February 2008 and August 2011, as a compliance officer of CITIC-Prudential Life Insurance Company Limited from January 2006 to December 2007, as the assistant compliance manager and compliance manager of American International Assurance Company (Bermuda) Limited from January 2003 to January 2006. He joined Hong Kong Exchanges and Clearing Limited in June 2001 and was an assistant manager of the group international audit business unit prior to his departure in January 2003. He worked for First Pacific Bank Limited from December 1999 to May 2001 with his last position being a manager and was an associate and senior associate of PricewaterhouseCoopers Ltd. from April 1997 to December 1999. He also practiced audits and accountancy in W. M. Sum & Co. from September 1994 to March 1997.

Mr. Lo obtained a master of science in computer science from Victoria University of Technology in February 2004 and bachelor of business administration in applied economics from Hong Kong Baptist University in December 1994.

***Non-executive Directors***

**Ms. CHAN Mei Wan** has been our vice chairwoman since she joined our Group in June 2001. Through assisting Mr. Lam and Mr. Lee, she was heavily involved in the founding of our Group. She was appointed as our non-executive Director on April 26, 2016.

Ms. Chan has more than 15 years of experience in entrepreneurship, general management, corporate administration and human resources. She supported Mr. Lam's PGS business since its founding and worked closely with Mr. Lam to expand our Group's business. She also assisted in the setup of our current operation system, corporate reorganization and staff welfare scheme.

Ms. Chan obtained a certificate for commerce course from Sacred Heart Canossian Commercial School in July 1994.

Ms. Chan is the wife of our executive Director, Mr. Lam.

**Dr. CHAN Ka Keung** was appointed as our non-executive Director on April 26, 2016. He has also been the director of Millennium Fortune, one of our Group's investors, since October 2015.

Dr. Chan has been the chief executive officer of Nature Elements Capital Group since June 2009. He is responsible for setting the overall strategies, investment, management and operation of natural resource and clean energy businesses. Prior to joining Nature Elements Capital Group, Dr. Chan was managing director of Greater China of Climate Change Capital Group from February 2008 to June 2009. He was responsible for development, investment and management of clean energy and low carbon resource business.

Prior to joining Climate Change Capital Group, Dr. Chan was managing director of the renewable energy business of CLP Holdings Limited ("**CLP**") from November 2005 to January 2008. He was responsible for development, investment, operation and management of CLP's renewable energy business in Asia. Dr. Chan was also director for business development (Great China) and director for corporate finance of CLP from November 2003 to January 2004 and from January 2004 to January 2008, respectively.

Dr. Chan obtained a bachelor of arts (first class honors) in electrical and information sciences and a doctor of philosophy (PhD) in electronic engineering, both from the University of Cambridge in July 1989 and July 1993, respectively. He has also obtained a bachelor of laws from University of London in August 2001 and an executive master in business administration (EMBA) from Tsinghua University in July 2007.

***Independent non-executive Directors***

**Mr. David TSOI** was appointed as our independent non-executive Director on October 24, 2016.

Mr. Tsoi is a director of Alliott, Tsoi CPA Limited since January 2006.

Mr. Tsoi has been a certified public accountant since September 1981 with over 30 years of experience in accounting, auditing and financial management. Mr. Tsoi is a certified public accountant registered at the Hong Kong Institute of Certified Public Accountants and a certified tax adviser registered at the Taxation Institute of Hong Kong, a fellow of the Association of Chartered Certified Accountants since

September 1981, a fellow of the Institute of Chartered Accountants in England & Wales since May 2015, a member of the Society of Chinese Accountants & Auditors since April 1987 and a fellow since December 2015; a fellow of the CPA Australia since November 2009; and a member of the Chartered Professional Accountants of British Columbia, Canada since June 2015.

Mr. Tsoi obtained a master of business administration in October 1986 from University of East Asia Macau.

Mr. Tsoi has been an independent non-executive director of MelcoLot Limited (Stock Code: 8198.HK) since October 2001; Enviro Energy International Holdings Limited (Stock Code: 1102.HK) since July 2008; Universal Technologies Holdings Limited (Stock Code: 1026.HK) since June 2013; CRRC Corporation Limited (Stock Codes: 1766.HK, 601766:CH) (formerly known as China South Locomotive & Rolling Stock Corporation Limited) from March 2008 to June 2014 and Guru Online (Holdings) Limited (Stock Code: 8121.HK) since May 2014.

**Mr. YEUNG Wai Fai Andrew** was appointed as our independent non-executive Director on October 24, 2016.

Mr. Yeung has over 16 years of investment banking and advisory experience. He has been the deputy chief executive officer of Qianhai Corporate Finance Limited and the general manager of Qianhai Health Holdings Limited (Stock Code: 911.HK) since November 2016. He was the head of investment banking and advisory of Kim Eng Securities (Hong Kong) Limited, a wholly owned subsidiary of Maybank Group, from July 2015 to October 2016. Mr. Yeung was a managing director and the head of corporate finance advisory of Edmond de Rothschild (Suisse) S.A., Hong Kong Branch from August 2014 to May 2015. From January 2004 to July 2014, Mr. Yeung worked at DBS Asia Capital Limited and was a managing director when he left the company. Mr. Yeung was an associate with BNP Paribas Peregrine Capital Limited between April 2000 and May 2002.

Mr. Yeung obtained a bachelor of arts (Hons.) in accountancy from the Hong Kong Polytechnic University in November 1994. He has been a certified public accountant with the Hong Kong Institute of Certified Public Accountants since January 1998. Mr. Yeung was an independent non-executive director of Goldenmars Technology Holdings Limited (Stock Code: 3638.HK) from June 2016 to September 2016 and Eversol Corporation, a company listed on the Taiwan Stock Exchange (Stock Code: 3647.TT), from June 2014 to June 2016.

**Mr. SUEN Wai Yu** was appointed as our independent non-executive Director on October 24, 2016.

Mr. Suen has been the group legal counsel and company secretary of Haitian International Holdings Limited (Stock Code: 1882.HK) since August 2010. He is responsible for preparing and reviewing a broad range of commercial agreements related to business operations covering product sales, equipment purchase, patent and trademark license and formation of joint venture. He is also responsible for monitoring the group's compliance with applicable laws and regulations with focus on the Listing Rules.

Mr. Suen has over 12 years of post qualification experience. Prior to joining Haitian International Holdings Limited, Mr. Suen worked as a senior associate in an international law firm from August 2009 to August 2010 and as an associate of the same firm from March 2006 to August 2009. Prior to that, Mr. Suen was an assistant solicitor of a Hong Kong law firm from August 2003 to March 2006.

Mr. Suen obtained a bachelor of laws in November 2000 and a postgraduate certificate in laws (PCLL) in June 2001 from the University of Hong Kong. He has been admitted as a solicitor in Hong Kong since September 2003.

We have entered into service contracts with each of our executive Directors and have issued letters of appointment to each of our independent non-executive Directors and our non-executive Directors. Each of the service contracts and letters of appointment with our Directors is for three years commencing from the Listing.

Save as disclosed above and to the best of the knowledge, information and belief of our Directors having made all reasonable enquires, each of our Directors has confirmed that he or she has not held any other directorships in listed companies during the three years immediately prior to the date of this prospectus and that there is no other information in respect of our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there is no other matter that needs to be brought to the attention to our Shareholders.

**SENIOR MANAGEMENT**

**Mr. LAM Yee Chun** is our executive Director. For details of Mr. Lam's background, please see the subsection headed "— Directors."

**Mr. LEE Chong Man Jason** is our executive Director. For details of Mr. Lee's background, please see the subsection headed "— Directors."

**Mr. AU-YEUNG Tai Hong Rorce** is our executive Director. For details of Mr. Au-Yeung's background, please see the subsection headed "— Directors."

**Mr. LO Siu Yuen** is our executive Director. For details of Mr. Lo's background, please see the subsection headed "— Directors."

**Mr. Boyang LIU** joined our Group in January 2015. He is the chief investment officer of our Group.

Mr. Liu has over 15 years of experience in investment banking, strategic investment and private equity investment. Before joining our Group, he served as the managing director of Guangdong Success Capital Partners Limited from January 2014 to December 2014, co-founder and chief financial officer of NovaSolar Limited from May 2011 to May 2014, and chief financial officer of Dongjiang Environmental (HK) Co. Limited, a subsidiary of Dongjiang Environmental Company Limited (Stock Code: 895.HK), from November 2007 to April 2010. Prior to that, he held various management positions in strategic planning, investment management and investment banking including as the Senior Finance Manager of PayPal Inc. from October 2005 to September 2007, as a manager in the financial strategy and analysis group of HSBC Card Services (under HSBC Bank USA, N.A.) from August 2004 to October 2005, worked at Byron Venture Partners L.P. from July 2001 to May 2004, and as the investment banking associate of JP Morgan Securities Inc. from July 2000 to June 2001.

Mr. Liu was a director of NovaSolar BVI from June 2011 to April 2013. For details of NovaSolar BVI, please see the subsection headed "— Board of Directors — Executive Directors — Mr. Au-Yeung Tai Hong Rorce" above.

Mr. Liu obtained a master of business administration from the Wharton School, University of Pennsylvania in May 2000, a master of science in environmental engineering from University of Connecticut in August 1998, and a bachelor of science in nuclear engineering from Tsinghua University in July 1993.

**Mr. CHAN Kam Shing** joined our Group in January 2015. He is the chief financial officer of our Group.

Mr. K S Chan has been a certified public accountant with the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) since April 1998 and a member of the Institute of Internal Auditors of the United States of America since November 2007 with more than 15 years of professional experience in accounting, auditing, financial management, and corporate operation and productivity enhancement, with the most recent assignment with the Hong Kong and China Gas Company Limited as the manager of internal audit between February 2010 and December 2014.

Mr. K S Chan was the manager of internal audit of the corporate audit & systems department of Hong Kong and China Gas Company Limited from February 2010 to December 2014, an internal audit manager of Transamerica Occidental Life Insurance Company from September 2007 to February 2010 and an internal audit manager of Wynn Resorts Limited from December 2004 to September 2007. Prior to joining Wynn Resorts Limited, he was employed by Ernst & Young from January 1997 to December 2004, his last position being a senior manager.

Mr. K S Chan obtained a bachelor of arts (Hons.) in accountancy from Hong Kong Polytechnic University in November 1994.

**Mr. CHEUNG Yeung Earnest** joined our Group in August 2015. He is the chief commercial officer of our Group.

Mr. Cheung has 20 years of banking experience specializing in business development and cross-border structured financing transactions. He has years of experience in origination and deal execution in a variety of geographies covering energy and utilities clients. He was an executive director for the corporate finance business of Standard Chartered Bank (HK) Limited from October 2007 to August 2015 prior to his departure and joining our Group. He also worked as a vice president, investment finance specialist at Citicorp International Limited between September 2006 and October 2007 and held various managerial roles with The Hongkong and Shanghai Banking Corporation Limited between September 1995 and September 2006, in which he was a global relationship manager, energy & utilities sector in the corporate and institutional banking business prior to his departure.

Mr. Cheung is a chartered financial analyst registered at the CFA Institute of the United States of America since September 2004 and obtained a bachelor of science in management sciences (first class honors) from University of Warwick in July 1995.

## COMPANY SECRETARY

**Mr. CHAN Kam Shing** is our company secretary. For details of Mr. Chan's background, please see the subsection headed "— Senior Management."

## BOARD COMMITTEE

### *Audit Committee*

We established the Audit Committee on October 24, 2016 with effect from the Listing, with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The primary duties of the

audit committee include, among others, (i) assisting the Board in providing an independent review and supervision of financial reporting; (ii) overseeing our Group's financial reporting, risk management and internal control systems; (iii) monitoring the external audit process and (iv) performing other duties and responsibilities as the Board determines from time to time.

The audit committee currently comprises Ms. Chan, our non-executive Director, Mr. David TSOI and Mr. YEUNG Wai Fai Andrew, our independent non-executive Directors. Mr. David TSOI is the chairman of the audit committee.

***Remuneration Committee***

We established the Remuneration Committee on October 24, 2016 with effect from the Listing, with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee include, among others, (i) making recommendations to the Board on our Group's policy and structure for remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; and (iii) making recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

The remuneration committee currently comprises Ms. Chan, our non-executive Director, Mr. SUEN Wai Yu and Mr. YEUNG Wai Fai Andrew, our independent non-executive Directors. Mr. YEUNG Wai Fai Andrew is the chairman of the remuneration committee.

***Nomination Committee***

We established the Nomination Committee on October 24, 2016 with effect from the Listing, with written terms of reference in compliance with Code Provision A.5.2 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The primary responsibilities of the nomination committee include, among others, (i) reviewing the structure, size, composition and diversity of the Board at least annually and making recommendations on any proposed changes to the Board to complement the corporate strategy of our Group; (ii) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors; and (iii) assessing the independence of independent non-executive Directors.

The nomination committee currently comprises Mr. Lam, our executive chairman and executive Director, Mr. SUEN Wai Yu and Mr. David TSOI, our independent non-executive Directors. Mr. SUEN Wai Yu is the chairman of the nomination committee.

**COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT**

Our executive Directors receive, in their capacity as our employees, compensation in the form of salaries, bonus, other allowances and benefits-in-kind, including our contribution to the pension scheme for our executive Directors according to the laws of the relevant jurisdiction.

The aggregate amount of salaries, allowances, discretionary bonus and retirement benefits scheme contributions paid and benefits-in-kind granted to our Directors (in a capacity as directors or employees of any subsidiary of our Group) for the three years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2016 were approximately HK$6.0 million, HK$8.0 million, HK$10.5 million and HK$5.1 million, respectively.

The aggregate amount of remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits-in-kind and discretionary bonuses) which were paid by our Group to our five highest paid individuals for the three years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2016 were approximately HK$6.9 million, HK$8.1 million, HK$10.6 million and HK$5.5 million, respectively.

No remuneration was paid by our Group to the Directors or the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office in respect of the three years ended December 31, 2015 and the five months ended May 31, 2016. No Director has waived or has agreed to waive any emoluments during the Track Record Period.

Under the arrangements presently in force, the aggregate remuneration of the Directors for the year ending December 31, 2016, excluding discretionary bonus, is approximately HK$10.9 million.

Each of our Directors and members of the senior management also qualifies as a grantee for the Pre-IPO Share Option Scheme and Share Option Scheme, the principal terms of which are summarized in the sub-sections headed "E. Pre-IPO Share Option Scheme" and "D. Share Option Scheme" respectively, in Appendix IV to this prospectus.

For information on Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, see notes 8 and 9 to our combined financial statements included in the Accountants' Report set out in Appendix I to this prospectus and "Statutory and General Information" set out in Appendix IV to this prospectus.

**COMPLIANCE ADVISER**

We have appointed Haitong International Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, we must consult with and, if necessary, seek advice from our compliance adviser on a timely basis in the following circumstances:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including Share issues and Share repurchases;

(iii) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and

(iv) where the Hong Kong Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment will commence on the Listing Date and end on the date on which we distribute our annual report of our financial results for the first full financial year commencing after the Listing Date and such appointment may be extended by mutual agreement.

## COMPLIANCE WITH THE CODE PROVISIONS OF APPENDIX 14 TO THE LISTING RULES

As of the Latest Practicable Date and to the best of the knowledge, information and belief of our Directors, having made all reasonable enquiries, the Directors are not aware of any deviation from provisions in the Corporate Governance Code under Appendix 14 to the Listing Rules.

## AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of our authorized and issued share capital in issue and to be issued as fully paid or credited as fully paid prior to and immediately following the completion of the Global Offering:

| | Number of Shares | Nominal value per Share HK$ | Share Capital HK$ |
|---|---|---|---|
| *Authorized share capital:* | | | |
| Shares | 5,000,000,000 | 0.1 | 500,000,000 |
| *Issued and to be issued, fully paid or credited as fully paid:* | | | |
| Shares in issue as of the date of this prospectus | 2,000,000,000 | 0.1 | 200,000,000 |
| Shares to be issued pursuant to the Global Offering | 560,000,000 | 0.1 | 56,000,000 |
| | 2,560,000,000 | 0.1 | 256,000,000 |
| Shares to be issued upon full exercise of the Over-allotment Option | 84,000,000 | 0.1 | 8,400,000 |
| Total | 2,644,000,000 | 0.1 | 264,400,000 |

## ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the Shares are issued pursuant to the Global Offering. The above does not take into account any shares which may be issued pursuant to the exercise of the Over-allotment Option or the exercise of any options which have been or may be granted under the Pre-IPO Share Option Scheme or the Share Option Scheme or any Shares which may be issued or repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

## RANKING

The Shares are ordinary shares in our share capital and rank equally with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

## SHARE OPTION SCHEMES

We have conditionally adopted the Pre-IPO Share Option Scheme and the Share Option Scheme, the principal terms of which are summarized in the sub-section headed "Statutory and General Information — E. Pre-IPO Share Option Scheme" and "Statutory and General Information — D. Share Option Scheme", respectively, in Appendix IV to this prospectus.

## GENERAL MANDATE TO ISSUE SHARES

Subject to the conditions stated in the section headed "Structure of the Global Offering — The Hong Kong Public Offering" in this prospectus, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares, provided that the aggregate nominal value of Shares allotted or agreed to be allotted by the Directors, other than pursuant to:

(a) a rights issue;

(b) the exercise of any subscription rights which may be granted under any scrip dividend scheme or similar arrangement;

(c) any adjustment of rights to subscribe for Shares under options and warrants; or

(d) a special authority granted by the Shareholders,

shall not exceed the aggregate of:

(i) 20% of the aggregate nominal amount of our share capital in issue immediately following the completion of the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme); and

(ii) the aggregate nominal amount of our share capital repurchased by us (if any) under the general mandate to repurchase Shares referred to in the sub-section headed " — General Mandate to Repurchase Shares" below.

This general mandate to issue Shares will expire:

(1) at the conclusion of our next annual general meeting, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(2) at the end of the period within which we are required by any applicable law or our Articles of Association to hold our next annual general meeting; or

(3) when varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

For further details of this general mandate, please see the section headed "Statutory and General Information — A. Further Information about the Group — 4. Written Resolutions Passed by Our Shareholders" in Appendix IV to this prospectus.

**GENERAL MANDATE TO REPURCHASE SHARES**

Subject to the conditions stated in the section headed "Structure of the Global Offering — The Hong Kong Public Offering", our Directors have been granted a general unconditional mandate to exercise all of our powers to repurchase Shares representing up to 10% of the aggregate nominal amount of our share capital in issue immediately following the completion of the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which have been or may be granted under the Pre-IPO Share Option Scheme or the Share Option Scheme).

This general mandate relates only to repurchases made on the Hong Kong Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose), and made in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed "Statutory and General Information — Further Information about Our Group — 7. Repurchases of Our Own Securities" in Appendix IV to this prospectus.

This general mandate to repurchase Shares will expire:

(i) at the conclusion of our next annual general meeting, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) at the end of the period within which we are required by any applicable law or our Articles of Association to hold our next annual general meeting; or

(iii) when varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

For further details of this general mandate, please see the section headed "Statutory and General Information — A. Further Information about Our Group — 4. Written Resolutions Passed by Our Shareholders" in Appendix IV to this prospectus.

**CIRCUMSTANCES UNDER WHICH GENERAL MEETING IS REQUIRED**

Pursuant to the Cayman Company Law and the terms of our Company's Memorandum and Articles of Association, our Company may from time to time by ordinary shareholders' resolution (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may reduce its share capital by shareholders' special resolution. For details, see "Summary of the Constitution of the Company and Cayman Company Law — 2. Articles of Association — (c) Alteration of capital" in Appendix III to this prospectus. Further, all or any of the special rights attached to our Share or any class of Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. For details, please refer to "Summary of the Constitution of the Company and Cayman Company Law — 2. Articles of Association — (d) Variation of rights of existing shares or classes of shares" in Appendix III to this prospectus.

So far as our Directors are aware, immediately following the completion of the Global Offering (assuming no exercise of the Over-allotment Option and any options that have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme), the following persons will have an interest or a short position in the Shares which will be required to be disclosed to our Company and the Hong Kong Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

| Name of Shareholder | Nature of interest | Shares held immediately following the completion of the Global Offering (without taking into account the Shares which may be issued or allotted upon any exercise of the Over-allotment Option and any options which have been or may be granted under the Pre-IPO Share Option Scheme or the Share Option Scheme) | |
|---|---|---|---|
| | | Number | Percentage |
| Energy Garden Limited | Beneficial owner | 1,806,633,881 | 70.57% |
| Konwell Developments Limited(1) | Interest of a controlled corporation | 1,806,633,881 | 70.57% |
| Sunpower Global Limited(2) | Interest of a controlled corporation | 1,806,633,881 | 70.57% |
| Mr. Lam(3) | Interest of a controlled corporation | 1,806,633,881 | 70.57% |
| | Beneficial owner | 398,000 | 0.02% |
| | Interest of spouse | 390,000 | 0.02% |
| Ms. Chan(4) | Beneficial owner | 390,000 | 0.02% |
| | Interest of spouse | 1,807,031,881 | 70.59% |

Notes:

(1) Konwell Developments Limited will hold 100% of the total issued share capital of Energy Garden Limited upon the Listing. Accordingly, Konwell Developments Limited is deemed to have interest in the 1,806,633,881 Shares to be held by Energy Garden Limited immediately after completion of the Global Offering.

(2) Sunpower Global Limited directly holds 58.87% of the total issued share capital of Konwell Developments Limited and therefore, is deemed to be interested in the 1,806,633,881 Shares to be held by Energy Garden Limited immediately after completion of the Global Offering.

(3) Mr. Lam directly holds the entire issued share capital of Sunpower Global Limited and therefore, is deemed to be interested in the same number of Shares in which Energy Garden Limited is interested. Mr. Lam is also interested in options granted under the Pre-IPO Share Option Scheme to subscribe for 398,000 Shares. Mr. Lam is the spouse of Ms. Chan. Under the SFO, Mr. Lam is deemed to be interested in the same number of Shares in which his spouse is interested.

(4) Ms. Chan is interested in options granted under the Pre-IPO Share Option Scheme to subscribe for 390,000 Shares. Ms. Chan is the spouse of Mr. Lam. Under the SFO, Mr. Lam is deemed to be interested in the same number of Shares in which her spouse is interested.

Our Company was incorporated on February 22, 2016. At the time of incorporation, one share of HK$0.1 has been issued to Mr. Lam which was transferred to Energy Garden on September 1, 2016. Please refer to the section headed "History, Reorganization and Corporate Structure — Establishment of our Company and Transfer of Shares in Crest Pacific to our Company" for further details.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the completion of the Global Offering and assuming no exercise of the Over-allotment Option and any

options that have been or may be granted under the Pre-IPO Share Option Scheme or the Share Option Scheme, have an interest or a short position in the Shares which will be required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

## OVERVIEW

Immediately upon completion of the Global Offering (assuming no exercise of the Over-allotment Option and any options that have been or may be granted under the Pre-IPO Share Option Scheme or the Share Option Scheme), our Controlling Shareholders will hold an aggregate 70.57% of the total issued share capital of our Company. Please see the section headed "Substantial Shareholders" of this prospectus for details of the shareholding interests of our Controlling Shareholders.

## INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

We believe that our Group is capable of carrying on its business independently from our Controlling Shareholders and their associates after the Listing Date for the following reasons:

### *Operational Independence*

Although our Controlling Shareholders will retain a controlling interest in our Company after Listing, our Company has full rights to make all decisions on, and to carry out, our own business operations independently. Our Group holds the assets, including intellectual property rights necessary to carry on our business, and has sufficient capital, facilities and employees to operate the business independently from our Controlling Shareholders.

We have access to, and conduct our purchases and sales with suppliers and customers who are third parties independent from and not connected to our Controlling Shareholders. We do not rely on our Controlling Shareholders to hold any licenses required for the operation of our business. We recruit our own employees and maintain our staff, including accounting, legal and human resources personnel independently.

Our Controlling Shareholders will retain interest in the Excluded Business (as defined hereinafter in "— Excluded Business"), and we have entered into the Project Income Agreement with VPower Technology Chad pursuant to which VPower Technology Chad agreed to share with us a portion of the revenue from the DPG project in Chad. See "— Excluded Business" and "Connected Transaction — Project Income Agreement" for further information. We also rent a residential property as director's quarter from Orient Profit and entered into a master supply agreement with Sharkteeth Investments. See "Connected Transactions — Exempt Continuing Connected Transactions" for further information.

Our Directors confirm that these transactions do not have any material adverse impact on our operational independence from our Controlling Shareholders. In particular, the Project Income Agreement with VPower Technology Chad will not impose any additional liability and obligation on us. Based on the contract capacity and the unit price of electricity charged of the Chad Project, the Shared Revenue to be paid by VPower Technology Chad to VPower Technology Limited for the financial years ending December 31, 2016 and December 31, 2017 is expected to be not more than HK$9.5 million and HK$6.3 million, respectively. Such estimated maximum amount only represents approximately 0.78% and 0.52%, respectively, of our total revenue of HK$1,212.8 million for the year ended December 31, 2015. The lease of residential property from Orient Profit is on normal commercial terms and the relevant property does not form part of our operational facilities which can be replaced by other comparable rental properties in the market where required. We estimate the total sales by us under the master supply agreement will be no more than HK$2.6 million for each of the three years ending December 31, 2018, which represents a minimal part of our business.

Save as disclosed in the section headed "Connected Transactions" in this prospectus, we do not have any other continuing connected transactions with our Controlling Shareholders.

***Management Independence and Corporate Governance***

Our Company's management and operational decisions are made by the Board in a collective manner. The Board comprises four executive Directors, two non-executive Directors and three independent non-executive Directors, of whom only two, namely Mr. Lam and Ms. Chan, are our Controlling Shareholders.

Other than Mr. Lam and Ms. Chan, none of our Directors or senior management will have a role in any company owned by our Controlling Shareholders out of our Group.

Our Directors will ensure compliance with the applicable laws and regulations (including the Listing Rules) in the case of any potential or actual conflicts of interests between us and our Controlling Shareholders. The Articles of Association have also provided the management of conflicts procedures, including but not limited to prohibiting the use of written resolution in lieu of a meeting of the Board for the purposes of considering any matter or business in which a Director has a conflict of interest and the Board has determined that such conflict of interest to be material. Our seven Directors who are not Controlling Shareholders will control the majority of the votes of our Board of Directors and our independent non-executive Directors will make independent judgment in considering any contract or arrangement or proposal in which Mr. Lam and Ms. Chan (or any of their associates) are materially interested. Accordingly, management decisions by our senior management or Board of Directors will effectively be made independently from our Controlling Shareholders.

In addition, each of our Directors is aware of his fiduciary duties as a director of a listed company in Hong Kong which requires that, among other things, he acts in the best interests of our Group and does not allow any conflict between his duties as a Director and his personal interests. Our Controlling Shareholders have also entered into the Deed of Non-competition in favor of our Company so as to further mitigate any potential conflicts of interests. For details of the Deed of Non-competition, please see "— Deed of Non-competition" of this section.

We believe that we have good corporate governance measures and adequate arrangements to manage possible conflicts of interests and safeguard the interests of our Shareholders in regard to our dealings with other companies controlled by our Controlling Shareholders. Based on the above and taking into account the experience of our Directors and senior management members as set out in the section headed "Directors and Senior Management" in this prospectus, our Directors are satisfied that the Board as a whole together with our senior management team is able to manage our Group independently of our Controlling Shareholders.

***Financial Independence***

We have our own independent financial and accounting systems and we make financial decisions according to our own business needs. We have a team of independent financial staff, which is responsible for financial control, accounting, reporting, group credit and internal control functions of our Company independent from our Controlling Shareholders and their associates.

We make financial decisions of our Company independently and we maintain separate bank accounts from our Controlling Shareholders and their associates.

During the Track Record Period and as of the Latest Practicable Date, save for the guarantees set forth in notes 23 and 34 to the accountants' report included in Appendix I to this prospectus, none of the Controlling Shareholders or their close associates had provided any guarantees to our Group. We have obtained approval-in-principle from the financing banks that subject to the execution of the transactional documents satisfactory to the banks, the existing guarantees by our Controlling Shareholders will be released upon our Listing. We expect the documents will be so executed so there will be no guarantees provided by our Controlling Shareholders upon our Listing.

Further, as of May 31, 2016, the Group had certain outstanding balances due from/to our Controlling Shareholders or their associates, details of which are set forth in note 34 to the accountants' report included in Appendix I to this prospectus. Such balances have been settled as of the Latest Practicable Date except for amounts due from related companies controlled by our Controlling Shareholders relating to the Chad Project (see section headed "Connected Transactions" of this prospectus).

Based on the above, our Directors believe that we will be financially independent of our Controlling Shareholders and their close associates after Listing.

**EXCLUDED BUSINESS**

Mr. Lam and Ms. Chan have interests in Sharkteeth Investments which is held as to 57.6% by Mr. Lam, 19.2% by Ms. Chan, 9.6% by Mr. Lee, 9.6% by Ms. Tang and 4.0% by CRRC and does not form part of our Group. Sharkteeth Investments and its subsidiaries, VPower Chad and VPower Technology Chad, are principally engaged in the design, investment in, building, leasing and operation of DPG stations in Chad which, as of the Latest Practicable Date, include the DPG station in Chad with installed capacity of approximately 20MW (the "**Excluded Business**"). As disclosed in the section headed "History, Reorganization and Corporate Structure — Reorganization — Disposal of Operations in Chad" of this prospectus, the Excluded Business was disposed of by VPower (Africa) to Sharkteeth Investments in December 2015 as Chad is a new market which has yet to provide a proven track record of asset protection.

Geographically, Sharkteeth Investments only carries out the Excluded Business in Chad which does not overlap with the Group's global footprint. Therefore, there is no direct competition between the Excluded business and our Group's business. Our Directors also confirm that our Group does not currently have any plan to engage in the Excluded Business.

Based on the unaudited management accounts of VPower Chad, the revenue of VPower Chad for the years ended December 31, 2014 and December 31, 2015 was HK$10.9 million and HK$40.5 million respectively, and the total assets of VPower Chad as of December 31, 2014 and December 31, 2015 were HK$27.5 million and HK$58.8 million respectively.

There are no overlapping of management members (including directors and senior management) between our Group and Sharkteeth Investments, nor is there any sharing of production facilities or staff between our Group on one hand, and Sharkteeth Investments, VPower Chad and VPower Technology Chad on the other hand, save that (i) Mr. Lam also act as the sole director of Sharkteeth Investments and VPower Chad, and (ii) Mr. Castiel, a consultant to and a minority shareholder of our Group, is a director of VPower Technology Chad but does not undertake any management position in our Group.

Pursuant to the Project Income Agreement, VPower Technology Chad agreed to share with us a portion of the revenue from the DPG project in Chad. See "— Operational Independence" above and "Connected Transactions — Project Income Agreement" in this prospectus. We also entered into the Master Supply Agreement with Sharkteeth Investments to supply parts and consumables for overhaul and maintenance. See "Connected Transactions — Master Supply Agreement" in this prospectus.

Our Directors and our Controlling Shareholders believe that the Listing of our Group without the inclusion of the Excluded Business will allow us to limit exposure of our assets in markets which has yet to provide proven record of asset protection, which in turn will be beneficial to our shareholders taken as a whole. For such reasons, the Excluded Business was not included in our Group.

Our Directors believe that with the Deed of Non-competition and the corporate governance measures as mentioned above put into place after the Listing, any potential competition between our Group and Sharkteeth Investments will be minimized and monitored.

## RULE 8.10 OF THE LISTING RULES

As the Excluded Business is located in Chad and does not constitute any competition with our Group's businesses, our Controlling Shareholders and our Directors do not have any interest in a business apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business and would require disclosure under Rule 8.10 of the Listing Rules.

## DEED OF NON-COMPETITION

Our Controlling Shareholders have entered into the Deed of Non-competition in favor of our Company (for itself and as trustee for other members of our Group), under which our Controlling Shareholders have undertaken to our Company that they will not, and will use their best endeavors to procure that none of their respective associates (other than members of our Group) will, directly or indirectly (including through any body corporate, partnership, joint venture or other contractual arrangement) 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 our 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 our Group including, but not limited to, solicitation of any of the then current customers, suppliers or employees from any members of our Group.

For the purpose of the Deed of Non-competition, our "**Business**" is defined to cover:

(a) the design, integration and sale of gas-fired and diesel-fired gen-sets and PGSs; and

(b) the design, investment in, building, leasing and operation of DPG stations.

The Deed of Non-competition does not apply to:

(a) the carrying on, engagement or participation in the Excluded Business by Sharkteeth Investments whether directly or indirectly through VPower Technology Chad;

(b) the relevant Controlling Shareholder's holding in the shares of a company where:

- the total number of shares held by our Controlling Shareholders does not exceed ten per cent. 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 ten per cent. of its consolidated turnover or consolidated assets, as shown in its latest audited accounts; and

(c) the Forgone Business Opportunity (as defined below) which our Company has confirmed that it does not intend to pursue.

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

Our 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 our Company on a timely basis and in the following manner:

- refer the Business Opportunity to our Company by giving written notice (the "**Offer Notice**") to our Company of such Business Opportunity within 30 days of identifying the target company (if relevant) and the nature of the Business Opportunity, the investment or acquisition costs and all other details reasonably necessary for our Company to consider whether to pursue such Business Opportunity;

- upon receiving the Offer Notice, our Company shall seek approval from the Board or a board committee (in each case comprising only or a majority of independent non-executive Directors) who do not have an interest in the Business Opportunity (the "**Independent Board**") as to whether to pursue or decline the Business Opportunity (Mr. Lam, Ms. Chan and any Director who has actual or potential interest in the Business Opportunity shall not attend (unless their attendance is specifically requested by the Independent Board but such attendance shall not be counted towards the quorum) and vote at, and shall not count towards the quorum for, any meeting or part of a meeting convened to consider such Business Opportunity);

- the Independent Board shall consider the financial impact of pursuing the Business Opportunity offered, whether the nature of the Business Opportunity is consistent with our Group's strategies and development plans, the general market conditions of the Business; if appropriate, the Independent Board may appoint independent financial and legal advisers to assist in the decision-making process in relation to such Business Opportunity;

- the Independent Board shall, within 30 days of receipt of the Offer Notice by our Company, inform the relevant Controlling Shareholders in writing on behalf of our Company its decision whether to pursue or decline the Business Opportunity;

- the relevant Controlling Shareholders shall be entitled but not obliged to pursue such Business Opportunity ("**Forgone Business Opportunity**") if he or she or it has received a notice from the Independent Board declining such Business Opportunity or if the Independent Board failed to respond within such 30 days' period mentioned above;

- if there is any material change in the nature, terms or conditions of such Forgone Business Opportunity pursued by our Controlling Shareholders, they shall refer such Business Opportunity as so revised to our Company as if it were a new Business Opportunity; and

- while the relevant Controlling Shareholder may pursue the ownership of any Forgone Business Opportunity, he or she or it shall, subject to the compliance with the applicable laws and regulations (including but not limited to the Listing Rules), engage our Group to undertake the operation of the Forgone Business Opportunity through entering into servicing agreement with a member of our Group, while our Group has the option but not obligation to enter into such servicing agreement.

**Right to Acquire the Excluded Business and Forgone Business Opportunity from Controlling Shareholders**

To eliminate any potential competition, our Controlling Shareholders has also granted us 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 our Controlling Shareholders:

- Upon Listing, our Company shall be entitled, but not obliged to, by serving notice to Sharkteeth Investments, purchase all or part of the shares in VPower Technology Chad (the "**Chad Call Shares**") which are held by Sharkteeth Investments (the "**Chad Call Option**") through itself or any member of our Group.

- Our Company shall be entitled, but not obliged to, by serving notice to the relevant Controlling Shareholder, purchase all or part of the shares in the entity holding the Forgone Business Opportunity (the "**Other Call Shares**") which are held by the relevant Controlling Shareholder (the "**Other Call Option**") through itself or any member of our Group.

Given our Group has entered into the Project Income Agreement with VPower Technology Chad pursuant to which we will receive shared revenue from its project in Chad on a semi-annual basis and our Controlling Shareholders has committed to engage our Group to undertake the operation of the Forgone Business Opportunity through entering into servicing agreement with a member of our Group, we believe we will be able to track the status and performance of these projects that are managed by us and will be in a position to determine whether such projects meet our investment criteria.

Our exercising of such acquisition right will be subject to the agreement on the terms and price to be negotiated by the parties in good faith and on arm's length basis, which may vary depending on the performance and potential of such projects. These acquisitions will also be subject to the compliance with the applicable laws and regulations (including but not limited to the Listing Rules). The Independent Board will be responsible for considering and determining whether and when to exercise our right of acquisition having regard to the interests of our Company and Shareholders as a whole.

**Further undertakings and confirmation**

Our Controlling Shareholders have further undertaken to, among others:

- procure all relevant information relating to the implementation of the Deed of Non-competition in their possession and/or the possession of any of their associates to be provided to us;

- provide all information requested by our Company (or its auditors) which is necessary for an annual review by the independent non-executive Directors of its compliance with the Deed of Non-competition and the enforcement of the same;

- procure our Company to disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the Deed of Non-competition either through the annual report, or by way of announcements to the public; and

- upon the request of our Company, provide a written confirmation in respect of its compliance and that of its associates with the non-competition undertakings under the Deed of Non-competition and consent to the inclusion of such confirmation in our Company's annual report.

**CORPORATE GOVERNANCE MEASURES**

In light of the above, we will also put in place the following corporate governance measures to manage the conflict of interests arising from competing business and to safeguard the interests of our shareholders:

- the independent non-executive Directors will review, on an annual basis, the compliance with the non-competition undertakings by the Controlling Shareholders under the Deed of Non-competition;

- the Controlling Shareholders have undertaken under the Deed of Non-competition to provide all information requested by our Company (or our auditors) which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-competition; and

- the Company will disclose decisions and related basis on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the non-competition undertaking by the Controlling Shareholders under the Deed of Non-competition in the annual reports of the Company.

## OVERVIEW

Following completion of the Global Offering, our Group intends to continue to engage in certain transactions with our connected persons (as defined under Chapter 14A of the Listing Rules). On this basis, these transactions will constitute continuing connected transactions under the Chapter 14A of the Listing Rules, and will be subject to reporting, annual review, announcement requirements under the Listing Rules unless any exemption or waiver is available. We set out below a summary of the connected transactions that are expected to continue after Listing:

| Type of transaction | Parties | Term | Applicable Listing Rules | Waiver Sought |
|---|---|---|---|---|
| ***Exempt Continuing Connected Transactions*** | | | | |
| 1. Rental Agreement | VPower Holdings Limited<br><br>Orient Profit | April 1, 2005 to March 31, 2018 (as renewed on April 1, 2015) | 14A.33, 14A.76 | N/A |
| 2. Master supply agreement | Our Company<br><br>Sharkteeth Investments | October 24, 2016 to the earlier of December 31, 2018 and the date of which Sharkteeth Investments and its subsidiaries ceases to operate DPG business in Chad | 14A.33, 14A.76 | N/A |

Prior to the Listing, we had also entered into the Project Income Agreement (as defined below) with VPower Technology Chad, pursuant to which VPower Technology Chad agreed to share a portion of its revenue from a DPG station project in Chad in consideration of VPower Technology Limited novating the relevant operating agreement to it.

## EXEMPT CONTINUING CONNECTED TRANSACTIONS

### *1. Rental Agreement*

On April 1, 2005, VPower Holdings Limited as lessee entered into a rental agreement ("**Rental Agreement**") with Orient Profit as lessor to rent a residential property located at Flat D, G/F, Silver Crest, 75 Nga Tsin Wai Road, Kowloon Tong, Hong Kong (the "**Property**") for a fixed annual rent of HK$672,000 with a fixed term of ten years. On April 1, 2015, the Rental Agreement was renewed for three years with a fixed annual rent of HK$960,000.

The Property is used as director's quarters for Mr. Lam. Our Directors consider that the rental in respect of the Property is comparable to the market level of similar properties in the area. Our Directors are of the view that the Rental Agreement was entered into during our ordinary and usual course of business, on normal commercial terms or better, and is fair and reasonable and in the interests of our Company and Shareholders as a whole.

#### *Implications under the Listing Rules*

Orient Profit is wholly owned by Ms. Chan, a Controlling Shareholder of our Company. Hence, it is an associate of our Controlling Shareholder and will be, by virtue of Rule 14A.07(4) of the Listing Rules, a connected person of our Company immediately following the completion of the Global Offering.

The rental service to be provided by Orient Profit to VPower Holdings Limited under the Rental Agreement will, upon the Listing, constitutes a continuing connected transaction of our Company. As the highest applicable percentage ratios (other than the profits ratio) calculated by reference to Rule 14.07 of the Listing Rules for the rental service are, on an annual basis, less than 0.1%, the Rental Agreement will be a de minimis continuing connected transaction of our Company exempted from the reporting, annual review, announcement and independent Shareholders' approval requirement under Rule 14A.33 of the Listing Rules by virtue of Rule 14A.76(1) of the Listing Rules.

*2. Master Supply Agreement*

**Background**

As disclosed in the section headed "Relationship with our Controlling Shareholders — Excluded Business" in this prospectus, Sharkteeth Investments and its subsidiaries (the "**Excluded Group**"), namely VPower Chad and VPower Technology Chad, are principally engaged in the design, investment in, building, leasing and operation of DPG stations in Chad. As of the Latest Practicable Date, VPower Technology Chad is operating one DPG station with an installed capacity of approximately 20MW in Chad (the "**Chad Project**").

We have in the past from time to time sold parts or consumables for overhaul and maintenance services to the Excluded Group. The goods that we sold to the Excluded Group were used in operating the Chad Project. For the three years ended December 31, 2015, our total sales to the Excluded Group amounted to approximately nil, HK$43,000 and HK$511,000 respectively, representing approximately nil, 0.0046% and 0.042% of our revenue during the respective period. The Excluded Group will continue to source such parts or consumables from our Group after the Listing to satisfy the operational needs of the Excluded Group from time to time.

**Master Supply Agreement**

On October 24, 2016, our Company entered into a master supply agreement (the "**Master Supply Agreement**") with Sharkteeth Investments, pursuant to which our Group will sell and the Excluded Group will purchase parts or consumables for overhaul and maintenance services related to the Chad Project on a non-exclusive basis and normal commercial terms.

The price of the goods to be sold by us to the Excluded Group shall be quoted by the relevant member of our Group. Such quoted price shall be based on the actual cost of the goods and a reasonable profit margin ranging from 15% to 20% as determined by the relevant member of our Group subject to the following:

(a) any quoted price shall not be less than the price charged by the relevant member of our Group to an independent third party when dealing on an arm's length basis; and

(b) if no such comparable reference prices under (a) are available, the quoted price shall be determined between the parties based on (i) normal commercial terms that are considered to be fair and reasonable by the respective member of our Group and the Excluded Group; and (ii) terms no less favorable to our Group than terms charged by independent third parties.

The range of profit margin of 15%-20% is comparable to the profit margin we charge our customers under SI business for goods of similar nature.

The Master Supply Agreement will be effective until the earlier of December 31, 2018 and the date on which the Excluded Group ceases to operate its DPG business in Chad.

We estimate that the total sales by us to the Excluded Group will be no more than HK$2.6 million for each of the three years ending December 31, 2018. We have calculated these estimated amounts with reference to the historical sales volumes to the Excluded Group during the Track Record Period, and also the estimated sales to the Excluded Group based on (i) the overhaul and maintenance schedule of the DPG station of the Chad Project according to the manufacturers' maintenance guidelines; and (ii) the price of the goods to be supplied to the Excluded Group.

***Implications under the Listing Rules***

Sharkteeth Investments is held by certain shareholders of our Company as to, namely, 57.6% by Mr. Lam, 19.2% by Ms. Chan, 9.6% by Mr. Lee, 9.6% by Ms. Tang and 4.0% by CRRC. Hence, it is an associate of our Controlling Shareholders and will be, by virtue of Rule 14A.07(4) of the Listing Rules, a connected person of our Company immediately following the completion of the Listing.

As the highest applicable percentage ratios (other than the profits ratio) calculated by reference to Rule 14.07 of the Listing Rules for the aforementioned annual caps are, on an annual basis, less than 5% and the total consideration is less than HK$3,000,000, the Master Supply Agreement will, upon the Listing, constitutes de minimis continuing connected transaction of our Company exempted from the reporting, annual review, announcement and independent Shareholders' approval requirement under Rule 14A.33 of the Listing Rules by virtue of Rule 14A.76(1) of the Listing Rules.

**PROJECT INCOME AGREEMENT**

*Background*

As disclosed in the section headed "History, Reorganization and Corporate Structure — Disposal of operations in Chad" in this prospectus, VGH transferred all of our Group's fixed assets in relation to the operations in Chad to VPower Chad in October 2015, and VPower (Africa) disposed of its interest in the entire share capital of VPower Chad to Sharkteeth Investments in December 2015.

As of the Latest Practicable Date, VPower Technology Chad is operating the Chad Project. In connection with the aforementioned transfer and disposal, in December 2015, VPower Technology Limited novated the contract for the Chad Project to VPower Technology Chad (the "**Novation Agreement**").

In consideration of VPower Technology Limited novating the operating agreement for the Chad Project to VPower Technology Chad, VPower Technology Chad agreed to share a portion of the revenue derived from the Chad Project ("**Shared Revenue**") with VPower Technology Limited. On May 30, 2016, VPower Technology Limited and VPower Technology Chad entered into a project income agreement (the "**Project Income Agreement**") to formalize and set out the terms for the revenue sharing arrangement.

***Principal terms of the Project Income Agreement***

The Shared Revenue shall be calculated based on the formula below:

*Shared Revenue = HK$0.066 x kWh generated by the Chad Project for the Relevant Period*

The Shared Revenue shall be paid in respect of the period from the date of the Novation Agreement (being December 23, 2015) up to the expiry of the initial term of the Chad Project in September 2017, and shall be in two installments per year in arrears, with each period starting on the first day of January and July

and ending on the last day of June and December respectively (the "**Relevant Period**"), save that the Relevant Period for the first payment of the Shared Revenue shall cover the period from December 23, 2015 up to June 30, 2016 (both dates inclusive).

The actual amount of the Shared Revenue will depend on the amount of electricity produced by the Chad Project for the Relevant Period.

***Reasons for and benefits of the Project Income Agreement***

As disclosed in the section headed "History, Reorganization and Corporate Structure — Reorganization — Disposal of Operations in Chad" in this prospectus, the spinning out of VPower Chad from our Group is a result of the strategic restructuring of our business as Chad is a new market which has yet to provide a proven track record of asset protection. VGH transferred its assets in Chad to VPower Chad at net book value and the transfer by VPower (Africa) of its interest in VPower Chad to Sharkteeth Investments was conducted at a nominal value.

Our Directors consider that it is fair and reasonable for our Company to continue to share the revenue derived from the Chad Project, which is commensurate with the resources and efforts devoted by us in obtaining and setting up the Chad Project and in novating the Chad Project to VPower Technology Chad. The Shared Revenue was determined with reference to the fee level charged by comparable and independent intermediate off-takers to us.

The Project Income Agreement will not impose any additional liability and obligation on us. Based on the contract capacity and the unit price of electricity charged of the Chad Project, the Shared Revenue to be paid by VPower Technology Chad to VPower Technology Limited for the financial years ending December 31, 2016 and December 31, 2017 is expected to be not more than HK$9.5 million and HK$6.3 million, respectively. Such estimated maximum amount represents approximately 0.78% and 0.52%, respectively, of our total revenue of approximately HK$1,212.8 million for the year ended December 31, 2015. As such, our Directors are of the view that the Shared Revenue will not impair our financial and operational independence from our Controlling Shareholders.

Our Directors are of the view that the Project Income Agreement was entered into during our ordinary and usual course of business, on normal commercial terms or better, and is fair and reasonable and in the interest of our Company and our Shareholders as a whole.

***Implications under the Listing Rules***

Since the Project Income Agreement was entered into as a result of the Novation Agreement, it was a one-off transaction before the Listing and any payment of the Shared Revenue by VPower Technology Chad thereunder that will continue to take place after the Listing is merely performance thereof, and such transactions, if any, will not constitute a continuing connected transaction under Chapter 14A of the Listing Rules.

## FUTURE PLANS

Our goal is to become the world's leading private gas-fired engine-based DPG station owner and operator and gen-set system integration provider. We intend to achieve this through our business strategies, details of which are set out in "Business — Our Business Strategies" of this prospectus.

## USE OF PROCEEDS

We estimate that we will receive net proceeds of the Global Offering, after deducting the underwriting commission (not including incentive fees (if any)) and estimated expenses payable by us in relation to the Global Offering in the amount of:

- approximately HK$1,457.3 million, if the Over-allotment Option is not exercised, or approximately HK$1,684.9 million, if the Over-allotment Option is exercised in full, assuming an Offer Price of HK$2.78 per Offer Share, being the low-end of the proposed Offer Price range;

- approximately HK$1,648.4 million, if the Over-allotment Option is not exercised, or approximately HK$1,904.7 million, if the Over-allotment Option is exercised in full, assuming an Offer Price of HK$3.13 per Offer Share, being the mid-point of the proposed Offer Price range; or

- approximately HK$1,834.0 million, if the Over-allotment Option is not exercised, or approximately HK$2,118.2 million, if the Over-allotment Option is exercised in full, assuming an Offer Price of HK$3.47 per Offer Share, being the high-end of the proposed Offer Price range.

We intend to use these net proceeds for the following purposes, assuming an Offer Price of HK$3.13 per Offer Share, being the mid-point of the proposed Offer Price range and assuming no exercise of the Over-allotment Option and any options that have been or may be granted under the Pre-IPO Share Option Scheme or the Share Option Scheme:

- approximately 55% of the net proceeds to us (approximately HK$906.6 million) for developing and investing in DPG stations for our IBO business through organic expansion, acquisitions or joint ventures by the end of 2018, including:

  - approximately 30% of the net proceeds (approximately HK$494.5 million) for expanding into new markets (such as Africa, the Middle East and China); and

  - approximately 25% of the net proceeds (approximately HK$412.1 million) for projects in our existing markets.

  Our investments will be subject to our new market entry policy. For details on our policy, see "Business — Internal Control and Risk Management";

- approximately 20% of the net proceeds to us (approximately HK$329.8 million) for expanding our SI business through organic expansion, acquisitions or joint ventures, including (a) approximately 5% of the net proceeds (approximately HK$82.4 million) by the end of 2017 for increasing our budget for purchasing engines and ancillary equipment, and (b) approximately 15% of the net proceeds (approximately HK$247.4 million) by the end of 2018 for, among other things (i) enhancing our assembly line for system integration, (ii) remuneration for additional system integration, sales and services staff and (iii) research and development for CHP and power generation using new forms of gas;

- approximately 10% of the net proceeds to us (approximately HK$164.8 million) for (a) building out our domestic and overseas offices and technical support facilities, and (b) strengthening our local presence in key markets for our SI and IBO businesses, including Hong Kong, China, Singapore, Indonesia, Bangladesh, Myanmar and Africa;

- approximately 5% of the net proceeds to us (approximately HK$82.4 million) to (i) develop cooperative research and development efforts with engine suppliers and world-renowned universities and research institutes, (ii) engage external consultants and engineering design houses, (iii) install new test benches and laboratories, (iv) invest in new mechanical tools and computer systems, (v) enlarge our own research and development team and (vi) purchase software and expertise to continue to enhance the performance of our PGSs, as well as launch new research initiatives that include broadening the use of our PGSs, such as (a) improving fuel consumption of our gen-sets and PGSs, (b) improving heat recovery, (c) integrating combined heat and cooling modules to cater to a wider client base and (d) enhancing natural gas storage and logistics for a more complete and integrated solution; and

- approximately 10% of the net proceeds to us (approximately HK$164.8 million) for working capital and other general corporate purposes.

Our selection criteria of acquisition targets and/or joint venture partners include: (i) whether the acquisition or partnership would enable us to diversify our revenue stream; (ii) whether the acquisition or partnership would strengthen our position in the SI and/or IBO market and in the overall field of DPG generation; (iii) whether the market share of our SI and IBO business would be strengthened; (iv) whether the acquisition or partnership would enable us to access gen-sets, PGSs and DPG stations with promising growth potentials; (v) research and development capabilities of the potential acquisition targets or joint venture partners; and (vi) reputation of the potential acquisition targets or joint venture partners in the relevant SI and IBO markets.

As of the Latest Practicable Date, we were not in negotiation with any specific acquisition targets or joint venture partners and had not identified any such targets or partners.

To the extent that the net proceeds from the Global Offering are not immediately used for the above purposes, our Directors may allocate part or all of the proceeds to short-term interest-bearing deposits and/or money-market instruments with authorized financial institutions and/or licensed banks in Hong Kong and/or the PRC.

The above use of proceeds and suggested time frames (as applicable) set forth our intended use of our net proceeds at the time of this Prospectus and is subject to change based on our financial position and business strategies, which may change over time. In particular, there is no assurance that we would be able to deploy the proceeds in the time frame set forth above. We will issue an appropriate announcement if there is any material change in the abovementioned use of proceeds.

## THE CORNERSTONE PLACING

We have entered into a cornerstone investment agreement with Next Admiral Limited (the "Cornerstone Investor"), pursuant to which the Cornerstone Investor has agreed to subscribe at the Offer Price for such number of Offer Shares equal to the lower of (i) 204,800,000 Shares, representing 8.00% of the total issued Shares of the Company immediately upon the Listing; and (ii) HK$727,040,000 divided by the Offer Price (excluding Brokerage and the Levies which the Cornerstone Investor will pay in respect of such Offer Shares) which shall not be more than HK$3.55, in each case, rounded down to the nearest whole board lot of 1,000 Shares. Based on the proposed Offer Price range which is expected to be no more than HK$3.47 and no less than HK$2.78, HK$727,040,000 divided by the Offer Price will, regardless of whether the Offer Price is set at the high-end, mid-point or low-end of the proposed Offer Price range, be higher than 204,800,000 Shares. Accordingly, the Cornerstone Investor will subscribe at the Offer Price for 204,800,000 Shares representing (i) 8.00% of the Shares in issue immediately following the completion of the Global Offering and approximately 40.63% of the International Offer Shares initially offered under the International Offering, both assuming no exercise of the Over-allotment Option and any options that have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme; or (ii) approximately 7.75% of the Shares in issue immediately following the completion of the Global Offering and approximately 34.83% of the International Offer Shares initially offered under the International Offering, both assuming the Over-allotment Option is exercised in full, but no exercise of any options that have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme (the "Cornerstone Placing").

The Cornerstone Investor is incorporated in the British Virgin Islands and is an investment holding company wholly-owned by CITIC Pacific Limited ("CITIC Pacific"). CITIC Pacific is a wholly owned subsidiary of Hong Kong listed CITIC Limited (Stock Code: 267). CITIC Pacific's key businesses include special steel manufacturing, energy and real estate development. It is also the majority shareholder of two Hong Kong listed companies, Dah Chong Hong Holdings Limited (Stock Code: 1828) and CITIC Telecom International Holdings Limited (Stock Code: 1883).

The Cornerstone Placing will form part of the International Offering and the Cornerstone Investor will not subscribe for any Offer Share under the Global Offering (other than pursuant to the cornerstone investment agreement). The Offer Shares to be subscribed for by the Cornerstone Investor will rank pari passu in all respects with the other fully paid Shares in issue upon completion of the Global Offering and will be counted towards the public float of our Company. Immediately following the completion of the Global Offering, the Cornerstone Investor will not have any board representation in our Company, nor will the Cornerstone Investor become a substantial shareholder of our Company (as defined under the Listing Rules).

The Offer Shares to be subscribed for by the Cornerstone Investor will not be affected by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed "Structure of the Global Offering — The Hong Kong Public Offering" in this prospectus. To the best knowledge of our Company, the Cornerstone Investor is an independent third party, not our connected person and not an existing shareholder or close associates of our Group. Details of the allocations to the Cornerstone Investor will be disclosed in the announcement of results of allocations in the Hong Kong Public Offering to be published on or around November 23, 2016.

## CONDITIONS PRECEDENT

The subscription by the Cornerstone Investor is subject to, among other things, the following conditions precedent:

(i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become unconditional by no later than the time and date as specified in those underwriting agreements (in accordance with their respective original terms, or as subsequently varied by agreement of the parties thereto or waived, to the extent it may be waived, by the relevant parties) and not having been terminated;

(ii) the Listing Committee of the Hong Kong Stock Exchange having granted the approval for the listing of, and permission to deal in, the Shares and that such approval or permission has not been revoked prior to the commencement of dealings in the Shares on the Hong Kong Stock Exchange; and

(iii) the respective representations, warranties, undertakings and acknowledgements of the Cornerstone Investor under the cornerstone investment agreement are and will be accurate and true in all material respects and not misleading and there being no material breach of the cornerstone investment agreement on the part of the Cornerstone Investor.

## RESTRICTIONS ON THE CORNERSTONE INVESTOR'S INVESTMENT

The Cornerstone Investor has agreed that, without the prior written consent of our Company and the Joint Global Coordinators, it will not, whether directly or indirectly, at any time during the period of six (6) months following the Listing Date, dispose of (as defined in the cornerstone investment agreement) any of the relevant Shares or any interest in any company or entity holding any of the relevant Shares, other than in certain limited circumstances such as transfers to any wholly-owned subsidiary of the Cornerstone Investor provided that, amongst other requirements, such wholly-owned subsidiary undertakes to, and the Cornerstone Investor undertakes to procure that such subsidiary will, abide by such restrictions imposed on the Cornerstone Investor.

## HONG KONG UNDERWRITERS

BOCI Asia Limited
Citigroup Global Markets Asia Limited
CMB International Capital Limited
Haitong International Securities Company Limited
The Hongkong and Shanghai Banking Corporation Limited
(in alphabetical order)

## UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 56,000,000 Hong Kong Offer Shares and the International Offering of initially 504,000,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed "Structure of the Global Offering" in this prospectus and the Over-allotment Option (in the case of the International Offering).

## UNDERWRITING ARRANGEMENTS AND EXPENSES

### Hong Kong Public Offering

#### *Hong Kong Underwriting Agreement*

The Hong Kong Underwriting Agreement was entered into on November 10, 2016. Pursuant to the Hong Kong Underwriting Agreement, the Company is offering the Hong Kong Offer Shares for sale on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to:

- the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any additional Shares that may be sold pursuant to the exercise of the Over-allotment Option) as mentioned herein and such approval not having been withdrawn; and

- certain other conditions set out in the Hong Kong Underwriting Agreement,

the Hong Kong Underwriters have agreed severally to purchase or procure purchasers for their respective applicable proportions of the Hong Kong Offer Shares being offered, which are not taken up, under the Hong Kong Public Offering on and subject to the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

***Grounds for Termination***

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination with immediate effect by the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters), by notice in oral or writing to our Company at any time at or prior to 8:00 a.m. on the Listing Date if:

(a) there develops, occurs, exists or comes into effect:

(i) any new law or any change or development involving a prospective change or any event or circumstance likely to result in change in any existing law or any change in the interpretation or application thereof by any court or other competent authority of the Cayman Islands, Hong Kong, the PRC, the British Virgin Islands, the United States, the United Kingdom, the European Union (or any member thereof), Japan, Singapore, Myanmar, Indonesia, Bangladesh, Ghana, Nigeria and Saudi Arabia (collectively, the "**Relevant Jurisdictions**");

(ii) any change or development involving a prospective change (whether or not permanent) in, or any event, circumstances or series of events resulting or likely to result in any change or development in local, regional, national or international financial, political, military, industrial, legal, fiscal, economic, regulatory, credit, market or currency matters or conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any of the Relevant Jurisdictions;

(iii) the imposition or declaration of (a) any moratorium, suspension or limitation (including without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the Singapore Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; (b) any moratorium on banking activities in the Cayman Islands or Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), the PRC, New York (imposed at Federal or New York State level or other competent authority) or any of the Relevant Jurisdictions, or any major disruption in commercial banking or foreign exchange trading or securities settlement or clearing services, procedures or matters in any Relevant Jurisdiction;

(iv) a change or development involving a prospective change or amendment in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or RMB against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or the RMB is linked to any foreign currency or currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions;

(v) any imposition of sanctions, or the withdrawal of trading privileges, in whatever form, directly or indirectly, by any of the Relevant Jurisdictions;

(vi) a contravention by any member of the Group of the Listing Rules or applicable laws;

(vii) any event or series of events in the nature of force majeure (including, without limitation, acts of government, declaration of a national or international emergency or war, calamity, crisis, economic sanctions, strikes, labor disputes, lock-outs, fire, explosion, flooding, earthquake, civil commotion, riots, public disorder, acts of war, acts of God, epidemic, pandemic, outbreak or escalation of infectious disease, (including without limitation SARS, H5N1, H1N1, swine or avian influenza or such related/mutated forms), accident or interruption or delay in transportation) in or affecting any of the Relevant Jurisdictions, or without limiting the foregoing, any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), or other state of emergency or calamity or crisis in or affecting any of the Relevant Jurisdictions;

(viii) a prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Shares (including the additional Shares which may be purchased by, or by investors procured by, the International Underwriters from the Company pursuant to the Over-Allotment Option) pursuant to the terms of the Global Offering;

(ix) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws;

(x) that (a) any executive Director or two or more non-executive/independent non-executive Directors seek(s) to retire, or is removed from office, or (b) any Director or the chief financial officer of the Company is being charged with an indictable offense or prohibited by operation of law or otherwise disqualified from taking part in the management of a company;

(xi) a valid demand by any creditor for repayment or payment of any indebtedness of any member of the Group in respect of which any member of the Group is liable prior to its stated maturity;

(xii) any change or development or event involving a prospective change, or a materialization of any of the risks set out in the section headed "Risk Factors" in this prospectus;

(xiii) the issue or requirement to issue by the Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies Ordinance or the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC;

(xiv) any authority in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director;

(xv) any litigation, legal action, legal proceeding, disputes or claims of any third party being threatened or instigated against any member of the Group; or

(xvi) an order or petition for the winding up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement

entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group;

which, individually or in the aggregate, in the sole opinion of the Joint Global Coordinators (for themselves and on behalf of the other Hong Kong Underwriters),

(a) has or will or may any change, any prospective change, or any development involving a prospective change, involving any material adverse effect in or affecting the assets, liabilities, business, general affairs, management, prospectus, shareholders' equity, profits, losses, results of operations, position or condition (financial or otherwise), or performance of the Company or any member of the Group, taken as a whole, or on the capacity of the Company to perform its obligation under the Hong Kong Underwriting Agreement, the International Underwriting Agreement or any operative documents (as defined in the Hong Kong Underwriting Agreement); or

(b) has or will or may have an material adverse effect on the success of the Global Offering and/or make it impracticable or inadvisable for any part of this Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged or materially delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(c) make, will or may make it impracticable, inadvisable or inexpedient to proceed with the Hong Kong Public Offering and/or the Global Offering, to market the Global Offering or the delivery of Shares on the terms and in the manner contemplated by this prospectus;

(b) there has come to the notice of the Joint Global Coordinators or the Joint Sponsors:

(i) that any statement of material fact contained in any of this prospectus or the Application Forms and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Global Offering (the "**Global Offering Documents**") and was, when it was issued, or has become, untrue or incorrect or misleading in any material respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the Global Offering Documents is not fair and honest and based on reasonable assumptions;

(ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from any of the Global Offering Documents;

(iii) any material breach of any of the obligations imposed upon any party to the Underwriting Agreements (other than the Joint Sponsors, Joint Global Coordinators, the Joint Bookrunners, the Hong Kong Underwriters or the International Underwriters);

(iv) any material breach of any of the obligations imposed upon the Group and/or the Controlling Shareholders to any of the operative documents (as defined in the Hong Kong Underwriting Agreement);

(v) any change, any prospective change, or any development involving a prospective change, involving any material adverse effect in or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition (financial or otherwise), or performance of the Company or any member of the Group, taken as a whole, or on the capacity of the Company to perform its obligation under the Hong Kong Underwriting Agreement, the International Underwriting Agreement or any operative documents (as defined in the Hong Kong Underwriting Agreement);

(vi) any event, act or omission which gives or is likely to give rise to any material liability of any of the Company and the Controlling Shareholders pursuant to the indemnities given by our Company and our Controlling Shareholders under the Hong Kong Underwriting Agreement or the International Underwriting Agreement, as applicable;

(vii) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the representations, warranties, agreements and undertakings of our Company and our Controlling Shareholders under the Hong Kong Underwriting Agreement;

(viii) that approval by the Listing Committee of the listing of, and permission to deal in, the Shares to be issued or sold (including any additional Shares that may be issued or sold pursuant to the exercise of the Over-Allotment Option or any options that may be granted under the Share Option Scheme or Pre-IPO Share Option Scheme) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;

(ix) that our Company withdraws any of the Global Offering Documents and/or any other documents issued or used in connection with the Global Offering or the Global Offering;

(x) the chairman or chief executive officer of the Company vacating his or her office;

(xi) that any person (other than the Joint Sponsors) has withdrawn or sought to withdraw its consent to being named in any of the Global Offering Documents or to the issue of any of the Global Offering Documents; or

(xii) that (a) a substantial portion of the orders placed or confirmed in the bookbuilding process, or (b) the investment commitments made by any cornerstone investors under agreements signed with such cornerstone investors, have been withdrawn, terminated or cancelled.

***Hong Kong Underwriters' Interests in the Company***

Save for their respective obligations under the Hong Kong Underwriting Agreement and, if applicable, the Stock Borrowing Agreement, as of the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any Shares or any securities of any member of the Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares or any securities of any member of the Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement.

**International Offering**

***International Underwriting Agreement***

In connection with the International Offering, the Company expects to enter into the International Underwriting Agreement with the International Underwriters on or around the Price Determination Date. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions set out therein, agree severally to purchase, or procure purchasers for, their respective applicable proportions of the International Offer Shares initially being offered pursuant to the International Offering. See the section headed "Structure of the Global Offering — The International Offering" in this prospectus for further details.

***Over-allotment Option***

The Company expects to grant to the International Underwriters the Over-allotment Option, which will be exercisable by the Joint Global Coordinators (on behalf of the International Underwriters) in whole or in part from the Listing Date until 30 days after the last day for lodging of applications under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, the Company may be required to issue and allot up to an aggregate of 84,000,000 Shares, representing not more than 15% of the number of Offer Shares initially available under the Global Offering, at the Offer Price, to cover over-allocations in the International Offering, if any. See the section headed "Structure of the Global Offering — Over-allotment Option" in this prospectus for further details.

**Commissions and Expenses**

The Hong Kong Underwriters will receive an underwriting commission of 2.5% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering (the "**Gross Proceeds**"), out of which they will pay any sub-underwriting commission. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the Company will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the relevant International Underwriters (but not the Hong Kong Underwriters).

The Hong Kong Underwriters may receive an incentive fee of up to 1.0% of the Gross Proceeds.

The aggregate underwriting commissions (exclusive of any incentive fee) payable to the Underwriters together with the Hong Kong Stock Exchange listing fees, the SFC transaction levy and the Hong Kong Stock Exchange trading fee in relation to the new Shares to be issued by the Company under the Global Offering as well as the legal and other professional fees and printing and all other expenses in relation to the Global Offering are estimated to be approximately HK$104.4 million (assuming an Offer Price of HK$3.13 per Offer Share (which is the mid-point of the Offer Price Range) and the Over-allotment Option is not exercised at all) and will be paid by the Company.

**Indemnity**

The Company has agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from performance of their obligations under the Hong Kong Underwriting Agreement and any breach by the Company of the Hong Kong Underwriting Agreement.

## INDEPENDENCE OF THE JOINT SPONSORS

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

## ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "Syndicate Members") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of the Company and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt.

In relation to the Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have the Shares as their underlying, asset. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares, which may have a negative impact on the trading price of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Hong Kong Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering" in this prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to the Company and its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their purchase of Offer Shares in the Global Offering.

**LOCK-UP ARRANGEMENTS**

***Undertakings to the Hong Kong Stock Exchange pursuant to the Listing Rules***

***(A) Undertakings by the Company***

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Hong Kong Stock Exchange that it will not exercise its power to issue any further Shares, or securities convertible into Shares (whether or not of a class already listed) or enter into any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealing), except:

(a) pursuant to the Global Offering; or

(b) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

***(B) Undertakings by Controlling Shareholders***

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Hong Kong Stock Exchange and Company that, except pursuant to any lending of Shares pursuant to the Stock Borrowing Agreement, it will not and will procure that the relevant registered holder(s) will not:

(a) in the period commencing on the date by reference to which disclosure of its holding of Shares is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it is shown by this prospectus to be the beneficial owner; and

(b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, or enter into any agreement to dispose of or otherwise create options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder of the Company,

in each case, save as permitted under the Listing Rules.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Hong Kong Stock Exchange and the Company that, within the period commencing on the date by reference to which disclosure of its holding of Shares is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will:

(1) when it pledges or charges any Shares beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform the Company of such pledge or charge together with the number of Shares so pledged or charged; and

(2) when it receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform the Company of such indications.

***Undertakings to the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement***

*Undertakings by our Company*

The Company has undertaken to each of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Hong Kong Underwriters that (except pursuant to the Global Offering and/or the Share Option Scheme), at any time from the date of the Hong Kong Underwriting Agreement until the expiry of six months from the Listing Date (the "**First Six-Month Period**"), the Company shall not, without the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules and whether conditionally or unconditionally:

(a) allot, issue, offer, sell, contract to sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, hedge, grant or sell any option, warrant or right to subscribe for or purchase, contract to purchase or create any interests or encumbrance in respect of, transfer or otherwise dispose of, directly or indirectly, any Shares or any securities of the Company or any interest in any of the foregoing (including, without limitation, any securities which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares); or

(b) enter into a transaction or an arrangement (including, without limitation, a swap or other derivative transaction) that transfers, in whole or in part, any of the economic consequences of ownership of any Shares, any other equity securities of the Company or any interest in any of the foregoing (including, without limitation, any securities which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares); or

(c) enter into any transaction with the same economic effect as any transaction specified in paragraphs (a) or (b) above; or

(d) offer or agree or announce any intention to do any transaction described in paragraphs (a), (b) or (c) above,

in each case, whether any of the foregoing transactions as described in paragraphs (a), (b), (c) or (d) above is to be settled by delivery of Shares or such other equity securities of the Company, or in cash or otherwise (whether or not the issue of the Shares or such other securities will be completed within the aforesaid period), provided that the foregoing restrictions shall not apply to the issue of Shares by the Company pursuant to the Global Offering or the exercise of any options granted under the Share Option Scheme. In the event that, during the period of six months commencing on the date on which the First Six-Month Period expires the Company enters into any of the transactions as described in paragraphs (a), (b) and (c) above or offers to or agrees to or announces any intention to effect any such transaction, the Company shall take all reasonable steps to ensure that such transaction, agreement or, as the case may be, such announcement will not create a disorderly or false market in the securities of the Company.

## THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. BOCI Asia Limited and Citigroup Global Markets Asia Limited are the Joint Global Coordinators of the Global Offering.

The listing of the Shares on the Main Board of the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on behalf of the Company to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus.

560,000,000 Offer Shares will initially be made available under the Global Offering comprising:

(a) the Hong Kong Public Offering of initially 56,000,000 Offer Shares (subject to reallocation) in Hong Kong as described in the paragraph headed "— The Hong Kong Public Offering" below; and

(b) the International Offering of initially 504,000,000 Offer Shares (subject to reallocation and the Over-allotment Option) (i) in the United States solely to QIBs pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and (ii) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in the paragraph headed "— The International Offering" below.

The Offer Shares will represent approximately 21.88% of the enlarged issued share capital of the Company immediately following the completion of the Reorganization and the Global Offering (assuming no exercise of the Over-allotment Option and any options that have been or may be granted under the Pre-IPO Share Option Scheme or the Share Option Scheme).

Of the 56,000,000 Offer Shares initially being offered under the Hong Kong Public Offering, 1,680,000 Offer Shares (representing 3.0% and 0.3% of the total number of Offer Shares initially being offered under the Hong Kong Public Offering and the Global Offering (assuming that the Over-allotment Option is not exercised), respectively) are available for subscription by Eligible Employees on a preferential basis under the Employee Preferential Offering, subject to the terms and conditions set out in this prospectus and the **PINK** Application Form.

Investors may apply for the Hong Kong Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the International Offer Shares under the International Offering, but may not do both. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. In particular, under the Employee Preferential Offering which forms part of the Hong Kong Public Offering, Eligible Employees may make an application for the Employee Reserved Shares on a **PINK** Application Form and, in addition, will be entitled to apply for Hong Kong Offer Shares under the Hong Kong Public Offering. The International Offering will involve selective marketing of the International Offer Shares to QIBs in the United States in reliance on Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act, as well as to institutional and professional investors and other investors expected to have a sizeable demand for the International Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. The

International Underwriters are soliciting from prospective investors' indications of interest in acquiring the International Offer Shares. Prospective investors will be required to specify the number of International Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price.

The number of Hong Kong Offer Shares and International Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, respectively, may be subject to reallocation as described in the paragraph headed "— The Hong Kong Public Offering — Reallocation and clawback" below.

References in this prospectus to applications, Application Forms, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

## THE HONG KONG PUBLIC OFFERING

### Number of Offer Shares initially offered

The Company is initially offering 56,000,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing 10.0% of the total number of Offer Shares initially available under the Global Offering. The number of Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 2.19% of the total Shares in issue immediately following the completion of the Reorganization and the Global Offering (assuming no exercise of the Over-allotment Option and any options that have been or may be granted under the Pre-IPO Share Option Scheme or the Share Option Scheme).

In Hong Kong, individual retail investors are expected to apply for the Hong Kong Offer Shares through the Hong Kong Public Offering and individual retail investors, including individual investors in Hong Kong applying through banks and other institutions, seeking International Offer Shares will not be allotted International Offer Shares in the International Offering.

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered International Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for the Hong Kong Offer Shares.

Completion of the Hong Kong Public Offering is subject to the conditions set out in the paragraph headed "— Conditions of the Global Offering" below.

### The Employee Preferential Offering

Of the 56,000,000 Offer Shares initially being offered under the Hong Kong Public Offering, 1,680,000 Offer Shares (representing 3.0% and 0.3% of the total number of Offer Shares initially being offered under the Hong Kong Public Offering and the Global Offering (assuming no exercise of the Over-allotment Option and any options that have been or may be granted under the Pre-IPO Share Option Scheme and Share Option Scheme), respectively) are available for subscription by the Eligible Employees under the Employee

Preferential Offering on a preferential basis, subject to the terms and conditions set out in this prospectus and the **PINK** Application Form.

The Employee Reserved Shares are being offered out of the Hong Kong Offer Shares and are not subject to the clawback mechanism as set out in the paragraph headed "— The Hong Kong Public Offering — Reallocation and clawback" below.

Allocation of the Hong Kong Offer Shares under the Employee Preferential Offering will be based on the written guidelines distributed to the Eligible Employees which are consistent with the allocation guidelines contained in Practice Note 20 of the Listing Rules. The allocation of the Hong Kong Offer Shares under the Employee Preferential Offering will in any event be made on an equitable basis and will not be based on the identity, the seniority, the length of service or the work performance of the Eligible Employees. No favor will be given to the Eligible Employees who apply for a large number of Employee Reserved Shares. Eligible Employees applying for Employee Reserved Shares will be subject to an allocation basis that is based on the level of valid applications received. The allocation basis will be determined by our Company's Hong Kong Share Registrar based on the level of valid applications received under the Employee Preferential Offering and the number of Employee Reserved Shares validly applied for within each application tier. The allocation basis will be consistent with the allocation basis commonly used in the case of over-subscriptions in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications of Employee Reserved Shares. Any application made on a **PINK** Application Form for more than 1,680,000 Employee Reserved Shares will be rejected.

Any Hong Kong Offer Shares not subscribed for by the Eligible Employees under the Employee Preferential Offering will be available for subscription by the public in Hong Kong under the Hong Kong Public Offering after the reallocation as described above in the paragraph headed "— The Hong Kong Public Offering" below.

If you are an Eligible Employee, in addition to being able to apply for Employee Reserved Shares under the Employee Preferential Offering by a **PINK** Application Form, you may also apply for Hong Kong Offer Shares as a member of the public in the Hong Kong Public Offering. Eligible Employees will receive no preference as to entitlement or allocation in respect of such further application for Hong Kong Offer Shares.

**Allocation**

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below and after deducting the number of Employee Reserved Shares validly applied for under the Employee Preferential Offering) will be divided equally (to the nearest board lot) into two pools: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares

with an aggregate price of HK$5 million (excluding the brokerage, the SFC transaction levy and the Hong Kong Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, the SFC transaction levy and the Hong Kong Stock Exchange trading fee payable). If the Hong Kong Offer Shares offered to Eligible Employees for subscription under the Employee Preferential Offering are not fully taken up, any excess Hong Kong Offer Shares will be reallocated to pool A and pool B in equal proportions (to the nearest board lot).

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unpurchased, such unpurchased Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the "price" for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 27,160,000 Hong Kong Offer Shares (being 50% of the 54,320,000 Shares initially available under the Hong Kong Public Offering but excluding the Employee Reserved Shares) are liable to be rejected.

**Reallocation and clawback**

The allocation of the Offer Shares between the Hong Kong Public Offering (excluding the Employee Preferential Offering) and the International Offering is subject to reallocation. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached.

If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (a) 15 times or more but less than 50 times, (b) 50 times or more but less than 100 times and (c) 100 times or more of the total number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 168,000,000 Offer Shares (in the case of (a)), 224,000,000 Offer Shares (in the case of (b)) and 280,000,000 Offer Shares (in the case of (c)), representing 30%, 40% and 50% of the total number of Offer Shares initially available under the Global Offering, respectively. In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B (after deducting the number of Employee Reserved Shares validly applied for under the Employee Preferential Offering) and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate.

In addition, the Joint Global Coordinators may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

The Employee Preferential Offering will not be subject to reallocation between the Hong Kong Public Offering and the International Offering.

The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Global Coordinators.

### Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or if he has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the Maximum Offer Price of HK$3.47 per Offer Share in addition to the brokerage, the SFC transaction levy and the Hong Kong Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK$3,504.96 for one board lot of 1,000 Shares. If the Offer Price, as finally determined in the manner described in the paragraph headed "— Pricing and Allocation" below, is less than the Maximum Offer Price of HK$3.47 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy and the Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

## THE INTERNATIONAL OFFERING

### Number of Offer Shares initially offered

The International Offering will consist of an offering of initially 504,000,000 International Offer Shares (excluding any Shares that may be sold pursuant to the exercise of the Over-allotment Option) which represents 90.0% of the total number of Offer Shares initially available under the Global Offering. The number of International Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 19.69% of the total Shares in issue immediately following the completion of the Reorganization and the Global Offering (assuming no exercise of the Over-allotment Option and any options that have been or may be granted under the Pre-IPO Share Option Scheme or the Share Option Scheme).

### Allocation

The International Offering will include selective marketing of Offer Shares to QIBs in the United States in reliance on Rule 144A as well as institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the paragraph headed "— Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Group and the Shareholders as a whole.

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the Hong Kong Public Offering.

**Reallocation**

The total number of Offer Shares to be sold pursuant to the International Offering may change as a result of the clawback arrangement described in the paragraph headed "— The Hong Kong Public Offering — Reallocation and clawback" above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unpurchased Offer Shares originally included in the Hong Kong Public Offering.

## OVER-ALLOTMENT OPTION

In connection with the Global Offering, the Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require the Company to issue and allot up to an aggregate of 84,000,000 Shares, representing not more than 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to, among other things, cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional International Offer Shares to be sold pursuant thereto will represent approximately 3.18% of the total Shares in issue immediately following the completion of the Reorganization and the Global Offering (assuming no exercise of any option that have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme). If the Over-allotment Option is exercised, an announcement will be made by the Company.

## STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager (or its affiliates or any person acting for it), on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager (or any

person acting for it) to conduct any such stabilizing action. Such stabilizing action, if taken, (a) will be conducted at the absolute discretion of the Stabilizing Manager (or its affiliates or any person acting for it), (b) may be discontinued at any time and (c) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering.

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO (Chapter 571W of the Laws of Hong Kong) includes (a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the Shares, (b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares, (c) purchasing, or agreeing to purchase, the Shares pursuant to the Over-allotment Option in order to close out any position established under items (a) or (b) above, (d) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares, (e) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (f) offering or attempting to do anything as described in items (b), (c), (d) or (e) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

(a) the Stabilizing Manager (or its affiliates or any person acting for it) may, in connection with the stabilizing action, maintain a long position in the Shares;

(b) there is no certainty as to the extent to which and the time or period for which the Stabilizing Manager (or its affiliates or any person acting for it) will maintain such a long position;

(c) liquidation of any such long position by the Stabilizing Manager (or its affiliates or any person acting for it) and selling in the open market may have an adverse impact on the market price of the Shares;

(d) no stabilizing action can be taken to support the price of the Shares for longer than the stabilization period, which will begin on the Listing Date, and is expected to expire on December 17, 2016, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;

(e) the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and

(f) stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

The Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO (Chapter 571W of the Laws of Hong Kong) will be made within seven days of the expiration of the stabilization period.

**Over-Allocation**

Following any over-allocation of Shares in connection with the Global Offering, the Stabilizing Manager (or its affiliates or any person acting for it) may cover such over-allocations by, among other

methods, exercising the Over-allotment Option in full or in part, by using Shares purchased by the Stabilizing Manager (or its affiliates or any person acting for it) in the secondary market at prices that do not exceed the Offer Price or through the Stock Borrowing Agreement as detailed below or a combination of these means.

## STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations, if any, in connection with the Global Offering, the Stabilizing Manager (or its affiliates or any person acting for it) may choose to borrow up to 84,000,000 Shares (being the maximum number of Shares which may be sold pursuant to the exercise of the Over-allotment Option) from Energy Garden Limited, one of the Controlling Shareholders, pursuant to the Stock Borrowing Agreement, which is expected to be entered into between the Stabilizing Manager (or its affiliate) and Energy Garden Limited on or about the Price Determination Date.

If the Stock Borrowing Agreement is entered into, the borrowing of Shares will only be effected by the Stabilizing Manager (or its affiliates or any person acting for it) for the settlement of over-allocations in the International Offering and such borrowing arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules, provided that the requirements set out in Rule 10.07(3) of the Listing Rules, being that the Stock Borrowing Agreement will be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Offering, are complied with.

The same number of Shares so borrowed must be returned to Energy Garden Limited or its nominee, as the case may be, on or before the third business day following the earlier of (a) the last day for exercising the Over-allotment Option and (b) the day on which the Over-allotment Option is exercised in full.

The stock borrowing arrangement described above will be effected in compliance with all applicable laws, rules and regulatory requirements.

## PRICING AND ALLOCATION

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Friday, November 18, 2016 and, in any event, no later than Wednesday, November 23, 2016, by agreement among the Joint Global Coordinators (on behalf of the Underwriters) and the Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$3.47 per Offer Share and is expected to be not less than HK$2.78 per Offer Share, unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering must pay, on application, the Maximum Offer Price of HK$3.47 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%, amounting to a total of HK$3,504.97 for one board lot of 1,000 Shares. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the minimum offer price stated in this prospectus.

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared

to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Joint Global Coordinators (on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of the Company, reduce the number of Offer Shares offered and/or the Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Company and the Hong Kong Stock Exchange at **www.vpower.com** and **www.hkexnews.hk**, respectively, notices of the reduction, followed by the publication of a supplemental prospectus (if required) as soon as possible.

If the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range is so reduced, applicants who have already submitted an application may or may not (depending on the information contained in the announcement) be notified that they are required to confirm their applications. All applicants who have already submitted an application need to confirm their applications in accordance with the procedures set out in the announcement and all unconfirmed applications will not be valid.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price Range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice and/or supplemental prospectus (if required) will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Joint Global Coordinators (on behalf of the Underwriters) and the Company, will under no circumstances be set outside the Offer Price Range as stated in this prospectus.

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the Employee Preferential Offering, the basis of allocations of the Hong Kong Offer Shares and the Employee Reserved Shares and the results of allocations in the Hong Kong Public Offering and the Employee Preferential Offering are expected to be made available through a variety of channels in the manner described in the section headed "How to Apply for Hong Kong Offer Shares — 11. Publication of Results" in this prospectus.

## UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters subject to the terms and conditions of the Hong Kong Underwriting Agreement and is subject to the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and the Company agreeing on the Offer Price.

The Company expects to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date. These underwriting arrangements, including the Underwriting Agreements, are summarized in the section headed "Underwriting" in this prospectus.

## CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

(a) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus on the Main Board of the Hong Kong Stock Exchange and such approval not having been withdrawn;

(b) the Offer Price having been agreed between the Joint Global Coordinators (on behalf of the Underwriters) and the Company;

(c) the execution and delivery of the International Underwriting Agreement on the Price Determination Date; and

(d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Underwriters) and the Company on or before Wednesday, November 23, 2016, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by the Company in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Company and the Hong Kong Stock Exchange at **www.vpower.com** and **www.hkexnews.hk**, respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares — 14. Dispatch/Collection of Share Certificates and Refund Monies" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares will only become valid at 8:00 a.m. on Thursday, November 24, 2016, provided that the Global Offering has become unconditional in all respects at or before that time.

## DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, November 24, 2016, it is expected that dealings in the Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Thursday, November 24, 2016.

The Shares will be traded in board lots of 1,000 Shares each and the stock code of the Shares will be 1608.

## 1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** at **www.eipo.com.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

*Employee Reserved Shares*

If you are an Eligible Employee, you may also apply for Employee Reserved Shares by using a **PINK** Application Form.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

## 2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a U.S. Person (as defined in Regulation S under the US Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service in the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any of its subsidiaries;
- a Director or chief executive officer of the Company and/or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

*Employee Reserved Shares*

Eligible Employees may apply for the Employee Reserved Shares on a **PINK** Application Form unless they:

- are an existing beneficial owner of Shares in our Company or any of our subsidiaries or a close associate (as defined in the Listing Rules) of an existing beneficial owner of Shares in our Company or any of our subsidiaries;
- are a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon the completion of the Global Offering;
- are a legal or natural person of the PRC (except those who have complied with all relevant PRC laws and regulations in relation to such application, including but not limited to qualified domestic institutional investors);
- are a person within the United States (within the meaning of the Regulation S) other than a person described in paragraph h(3) of Rule 902 of the Regulation S; or
- are a person who has been allocated or has applied for International Offer Shares or otherwise participate in the International Offering.

## 3. APPLYING FOR HONG KONG OFFER SHARES

### Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.eipo.com.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

For Employee Reserved Shares under the Employee Preferential Offering by an Eligible Employee, use a **PINK** Application Form.

**Where to Collect the Application Forms**

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on November 14, 2016 till 12:00 noon on November 17, 2016 from:

(i) any of the following offices of the Hong Kong Underwriters:

| | |
|---|---|
| BOCI Asia Limited | 26th Floor, Bank of China Tower<br>1 Garden Road<br>Central<br>Hong Kong |
| CMB International Capital Limited | Units 1803-4, 18/F Bank of America Tower,<br>12 Harcourt Road,<br>Central,<br>Hong Kong |
| Haitong International Securities Company Limited | 22/F Li Po Chun Chambers,<br>189 Des Voeux Road Central,<br>Hong Kong |
| The Hongkong and Shanghai Banking Corporation Limited | Level 15, HSBC Main Building,<br>1 Queen's Road Central,<br>Hong Kong |

(ii) any of the branches of the following receiving banks:

**Bank of China (Hong Kong) Limited**

| District | Branch Name | Address |
|---|---|---|
| **Hong Kong Island** | Bank of China Tower Branch | 3/F, 1 Garden Road |
| | 409 Hennessy Road Branch | 409-415 Hennessy Road, Wan Chai |
| | Taikoo Shing Branch | Shop G1006, Hoi Sing Mansion, Taikoo Shing |
| **Kowloon** | Prince Edward Road West (Mong Kok) Branch | 116-118 Prince Edward Road West, Mong Kok Kowloon |
| | Tsim Sha Tsui Branch | 24-28 Carnarvon Road, Tsim Sha Tsui, Kowloon |
| | Telford Gardens Branch | Shop P2 Telford Gardens, Kowloon Bay |
| **New Territories** | Kwai Chung Plaza Branch | A18-20, G/F Kwai Chung Plaza, 7-11 Kwai Foo Road, Kwai Chung |
| | Tuen Mun San Hui Branch | G13-G14 Eldo Court, Heung Sze Wui Road, Tuen Mun |
| | Shatin Branch | Shop 20, Level 1, Lucky Plaza, 1-15 Wang Pok Street, Sha Tin |

**Wing Lung Bank Limited**

| District | Branch Name | Address |
|---|---|---|
| **Central** | Head Office | 45 Des Voeux Road Central |
| **Wan Chai** | Johnston Road Branch | 118 Johnston Road |
| **North Point** | North Point Branch | 361 King's Road |
| **Mong Kok** | Mongkok Branch | B/F Wing Lung Bank Centre, 636 Nathan Road |
| **Sheung Shui** | Sheung Shui Branch | 128 San Fung Avenue |

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on November 14, 2016 until 12:00 noon on November 17, 2016 from the Depository Counter of HKSCC 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

A **PINK** Application Form together with a copy of this prospectus can be collected by Eligible Employees at Units 2019-25, 20/F, Tower 1, Metroplaza, 223 Hing Fong Road, Kwai Chung, New Territories, Hong Kong during normal business hours from 9:00 a.m. on Monday, November 14, 2016 until 5:00 p.m. Wednesday, November 16, 2016. Electronic copies of the **PINK** Application Form and this prospectus can be viewed from the respective websites of our Company at **www.vpower.com** and the Hong Kong Stock Exchange at **www.hkexnews.hk**.

**Time for Lodging Application Forms**

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker 's cashier order attached and marked payable to **"BANK OF CHINA (HONG KONG) NOMINEES LIMITED — VPOWER GROUP PUBLIC OFFER"** Public Offer in the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

**Monday, November 14, 2016 — 9:00 a.m. to 5:00 p.m.**
**Tuesday, November 15, 2016 — 9:00 a.m. to 5:00 p.m.**
**Wednesday, November 16, 2016 — 9:00 a.m. to 5:00 p.m.**
**Thursday, November 17, 2016 — 9:00 a.m. to 12:00 noon**

Your completed **PINK** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**BANK OF CHINA (HONG KONG) NOMINEES LIMITED — VPOWER GROUP PUBLIC OFFER**" for the payment, must be returned to Mr. LO Siu Yuen, Executive Director of our Company, at Units 2019-25, 20/F, Tower 1, Metroplaza, 223 Hing Fong Road, Kwai Chung, New Territories, Hong Kong by 5:00 p.m. on Wednesday, November 16, 2016.

The application lists will be open from 11:45 a.m. to 12:00 noon on November 17, 2016, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Applications Lists" in this section.

## 4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Global Coordinators (or its agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of the Company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;

(viii) agree to disclose to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Joint Global Coordinators and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorize the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in the "Personal Collection" section in this prospectus to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying (except in respect of Employee Reserved Shares applied under the Employee Preferential Offering, if applicable);

(xvii) understand that the Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

**Additional Instructions for Yellow Application Form**

You may refer to the **Yellow** Application Form for details.

**Terms, conditions and instructions for the PINK Application Form**

You may refer to the **PINK** Application Form for details.

**5. APPLYING THROUGH White Form eIPO Service**

**General**

Individuals who meet the criteria in "Who can apply" section, may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

**Time for Submitting Applications under the White Form eIPO**

You may submit your application to the **White Form eIPO** Service at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, November 14, 2016 until 11:30 a.m. on Thursday, November 17, 2016 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, November 17, 2016 or such later time under the "Effect of Bad Weather on the Opening of the Applications Lists" in this section.

**No Multiple Applications**

If you apply by means of **White Form eIPO,** once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

**Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

**Environmental Protection**

The obvious advantage of White Form eIPO is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated

White Form eIPO Service Provider, will contribute HK$2 per each "VPower Group International Holdings Limited" White Form eIPO application submitted via **www.eipo.com.hk** to support the funding of "Source of Dong Jiang — Hong Kong Forest" project initiated by Friends of the Earth (HK).

## 6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

### General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System **https://ip.ccass.com** (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square,
8 Connaught Place Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply in the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Global Coordinators and our Hong Kong Share Registrar.

### Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
- (if the electronic application instructions are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;
- confirm that you understand that the Company, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of the Company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this

prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering (including the Employee Preferential Offering) results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

**Effect of Giving Electronic Application Instructions to HKSCC via CCASS**

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies(including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

**Minimum Purchase Amount and Permitted Numbers**

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 1,000 Hong Kong Offer Shares. Instructions for more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

**Time for Inputting Electronic Application Instructions**

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

**Monday, November 14, 2016 — 9:00 a.m. to 8:30 p.m.(1)**
**Tuesday, November 15, 2016 — 8:00 a.m. to 8:30 p.m.(1)**
**Wednesday, November 16, 2016 — 8:00 a.m. to 8:30 p.m.(1)**
**Thursday, November 17, 2016 — 8:00 a.m.(1) to 12:00 noon**

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, November 14, 2016 until 12:00 noon on Thursday, November 17, 2016 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, November 17, 2016, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Application Lists" in this section.

**No Multiple Applications**

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

**Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

**Personal Data**

The section of the Application Form headed "Personal Data" applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bankers, the Joint Global Coordinators, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

## 7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, November 17, 2016.

## 8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

If you are an Eligible Employee, you may also make an application for Employee Reserved Shares by using a **PINK** Application Form. Only one application for Employee Reserved Shares is permitted per Eligible Employee under the Employee Preferential Offering. Multiple applications by any Eligible Employee are liable to be rejected. In addition, Eligible Employees may also apply for Hong Kong Offer Shares under the Hong Kong Public Offering.

## 9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** and **PINK** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 1,000 Hong Kong Offer Shares and if you are an Eligible Employee at the same time, you may also submit an application using a **PINK** application Form. Each application or **electronic application instruction** in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed "Structure of the Global Offering — Pricing and Allocation" in this prospectus.

## 10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, November 17, 2016. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, November 17, 2016 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made in such event.

## 11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering (including the Employee Preferential Offering) and the basis of allocation of the Hong Kong Offer Shares on Wednesday, November 23, 2016 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the Company's website at **www.vpower.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering (including the Employee Preferential Offering) will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at **www.vpower.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 8:00 a.m. on Wednesday, November 23, 2016;

- from the designated results of allocations website at **www.iporesults.com.hk** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Wednesday, November 23, 2016 to 12:00 midnight on Tuesday, November 29, 2016;

- by telephone enquiry line by calling +852 2862 8669 between 9:00 a.m. and 10:00 p.m. from Wednesday, November 23, 2016 to Saturday, November 26, 2016;

- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, November 23, 2016 to Friday, November 25, 2016 at all the receiving banks designated branches.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

## 12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer shares will not be allotted to you:

**(i) If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through **White Form eIPO** Service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

**(ii) If the Company or its agents exercise their discretion to reject your application:**

The Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

**(iii) If the allotment of Hong Kong Offer Shares (including the Employee Reserved Shares) is void:**

The allotment of Hong Kong Offer Shares (including the Employee Reserved Shares) will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

**(iv) If:**

- you make multiple applications or suspected multiple applications;

- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;

- your Application Form is not completed in accordance with the stated instructions;

- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;

- your payment is not made correctly or the cheque or banker 's cashier order paid by you is dishonored upon its first presentation;

- the Underwriting Agreements do not become unconditional or are terminated;

- the Company or the Joint Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations;

- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering; or

- your application under the Employee Preferential Offering is for more than 1,680,000 Employee Reserved Shares.

## 13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$3.47 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Wednesday, November 23, 2016.

## 14. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below) and one share certificate for each Eligible Employee under the Employee Preferential Offering.

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE**, **YELLOW** or **PINK** Application Form, subject to personal

collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares and/or Employee Reserved Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheque(s) and share certificates are expected to be posted on or before Wednesday, November 23, 2016. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

If you apply by PINK Application Forms, your refund cheque(s) and Share certificate(s) will be sent to the Company on Tuesday, November 22, 2016 and the Company will arrange for onward transmission to you.

Share certificates will only become valid at 8:00 a.m. on Thursday, November 24, 2016 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

**Personal Collection**

**(i) If you apply using a WHITE Application Form**

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, November 23, 2016 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be dispatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Wednesday, November 23, 2016, by ordinary post and at your own risk.

**(ii) If you apply using a YELLOW Application Form**

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as those for **WHITE** Application Forms as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Wednesday, November 23, 2016, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Wednesday, November 23, 2016, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

  For Hong Kong Public Offering shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Public Offering shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

  The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering (including the Employee Preferential Offering) in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, November 23, 2016 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

**(iii) If you apply through the White Form eIPO service**

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Share Registrar Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, November 23, 2016, or such other date as notified by the Company in the newspapers as the date of dispatch/collection of Share certificates/ e-Refund payment instructions/refund cheque.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Wednesday, November 23, 2016 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

**(iv) If you apply via Electronic Application Instructions to HKSCC**

*Allocation of Hong Kong Offer Shares*

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

*Deposit of Share Certificates into CCASS and Refund of Application Monies*

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, November 23, 2016, or, on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering (including the Employee Preferential Offering) in the manner specified in "Publication of Results" above on Wednesday, November 23, 2016. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, November 23, 2016 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, November 23, 2016. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, November 23, 2016.

## 15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisers for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

*The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Reporting Accountants, Ernst & Young, Certified Public Accountants.*



22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

November 14, 2016

The Directors
VPower Group International Holdings Limited
BOCI Asia Limited
Citigroup Global Markets Asia Limited

Dear Sirs,

We set out below our report on the financial information of VPower Group International Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the combined statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended December 31, 2013, 2014 and 2015, and the five months ended May 31, 2016 (the "Relevant Periods"), and the combined statements of financial position of the Group as at December 31, 2013, 2014 and 2015 and May 31, 2016, and the statement of financial position of the Company as at May 31, 2016, together with the notes thereto (the "Financial Information"), and the combined statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the five months ended May 31, 2015 (the "Interim Comparative Information"), prepared on the basis of presentation set out in note 2.1 of Section II below, for inclusion in the prospectus of the Company dated November 14, 2016 (the "Prospectus") in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on February 22, 2016. Pursuant to a group reorganisation (the "Reorganisation") as set out in note 2.1 of Section II below, which was completed on September 1, 2016, the Company became the holding company of the subsidiaries comprising the Group. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, no statutory financial statements have been prepared for the Company, as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in note 1 of Section II below. All companies now comprising the Group have adopted December 31, as their financial year end date. The statutory financial statements or management accounts of the companies now comprising the Group were prepared in accordance with the relevant accounting principles applicable to these companies in the countries in which they were incorporated and/or established. Details of their statutory auditors during the Relevant Periods are set out in note 1 of Section II below.

For the purpose of this report, the directors of the Company (the "Directors") have prepared the combined financial statements of the Group (the "Underlying Financial Statements") in accordance with Hong Kong

Financial Reporting Standards ("HKFRSs"), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The Underlying Financial Statements for each of the years ended December 31, 2013, 2014 and 2015, and the five months ended May 31, 2016 were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

**Directors' responsibility**

The Directors are responsible for the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that give a true and fair view in accordance with HKFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that are free from material misstatement, whether due to fraud or error.

**Reporting accountants' responsibility**

It is our responsibility to form an independent opinion and a review conclusion on the Financial Information and the Interim Comparative Information, respectively, and to report our opinion and review conclusion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

We have also performed a review of the Interim Comparative Information in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Interim Comparative Information.

**Opinion in respect of the Financial Information**

In our opinion, for the purpose of this report and on the basis of presentation set out in note 2.1 of Section II below, the Financial Information gives a true and fair view of the financial position of the Group as at December 31, 2013, 2014 and 2015 and May 31, 2016, and the financial position of the Company as at May 31, 2016, and of the combined financial performance and cash flows of the Group for each of the Relevant Periods.

**Review conclusion in respect of the Interim Comparative Information**

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Interim Comparative Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

## I. FINANCIAL INFORMATION

### COMBINED STATEMENTS OF PROFIT OR LOSS

| | Notes | Years ended December 31, | | | Five months ended May 31, | |
|---|---|---|---|---|---|---|
| | | 2013 | 2014 | 2015 | 2015 | 2016 |
| | | HK$'000 | HK$'000 | HK$'000 | HK$'000 (unaudited) | HK$'000 |
| REVENUE | 5 | 575,777 | 929,781 | 1,212,843 | 294,872 | 509,011 |
| Cost of sales | | (483,803) | (681,338) | (868,855) | (188,294) | (353,388) |
| Gross profit | | 91,974 | 248,443 | 343,988 | 106,578 | 155,623 |
| Other income and gains | 5 | 6,305 | 50,378 | 45,946 | 21,770 | 5,607 |
| Selling and distribution expenses | | (21,591) | (35,722) | (25,061) | (7,531) | (9,153) |
| Administrative expenses | | (47,124) | (88,495) | (131,402) | (47,358) | (76,274) |
| Other expenses, net | | (5,277) | (18,968) | (34,359) | (25,392) | (14,967) |
| Finance costs | 6 | (8,712) | (14,640) | (34,697) | (12,849) | (23,388) |
| PROFIT BEFORE TAX | 7 | 15,575 | 140,996 | 164,415 | 35,218 | 37,448 |
| Income tax expense | 10 | (5,894) | (20,250) | (23,192) | (5,711) | (9,385) |
| PROFIT FOR THE YEAR/PERIOD | | 9,681 | 120,746 | 141,223 | 29,507 | 28,063 |
| Attributable to: | | | | | | |
| Owners of the Company | | 9,309 | 120,746 | 141,223 | 29,507 | 28,063 |
| Non-controlling interest | | 372 | – | – | – | – |
| | | 9,681 | 120,746 | 141,223 | 29,507 | 28,063 |
| EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY | 12 | N/A | N/A | N/A | N/A | N/A |

## COMBINED STATEMENTS OF COMPREHENSIVE INCOME

| | Years ended December 31, | | | Five months ended May 31, | |
|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2015 | 2016 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 (unaudited) | HK$'000 |
| PROFIT FOR THE YEAR/PERIOD | 9,681 | 120,746 | 141,223 | 29,507 | 28,063 |
| OTHER COMPREHENSIVE INCOME/(LOSS) | | | | | |
| Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods: | | | | | |
| Exchange differences on translation of foreign operations | 3,304 | (1,797) | (5,532) | 95 | (1,633) |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods: | | | | | |
| Gain on property revaluation | 387 | – | – | – | – |
| Income tax effect | 2,576 | – | – | – | – |
| Net comprehensive income not to be reclassified to profit or loss in subsequent periods | 2,963 | – | – | – | – |
| OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD, NET OF TAX | 6,267 | (1,797) | (5,532) | 95 | (1,633) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD | 15,948 | 118,949 | 135,691 | 29,602 | 26,430 |
| Attributable to: | | | | | |
| Owners of the Company | 15,576 | 118,949 | 135,691 | 29,602 | 26,430 |
| Non-controlling interest | 372 | – | – | – | – |
| | 15,948 | 118,949 | 135,691 | 29,602 | 26,430 |

## COMBINED STATEMENTS OF FINANCIAL POSITION

| | Notes | As at December 31, 2013 | 2014 | 2015 | As at May 31, 2016 |
|---|---|---|---|---|---|
| | | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| NON-CURRENT ASSETS | | | | | |
| Property, plant and equipment | 13 | 102,122 | 606,462 | 910,964 | 1,079,050 |
| Investment property | 14 | 19,500 | 19,900 | 19,600 | 18,500 |
| Trade receivables | 15 | – | 8,465 | – | – |
| Deposits and other receivables | 16 | 74,176 | 109,474 | 57,062 | 56,165 |
| Deferred tax assets | 26 | 206 | 16 | 2,109 | 1,755 |
| Other non-current assets | | 6,133 | 6,841 | – | – |
| Total non-current assets | | 202,137 | 751,158 | 989,735 | 1,155,470 |
| CURRENT ASSETS | | | | | |
| Inventories | 17 | 221,811 | 298,074 | 563,016 | 635,645 |
| Trade receivables | 15 | 180,032 | 266,184 | 714,935 | 573,264 |
| Prepayments, deposits and other receivables | 16 | 22,963 | 56,647 | 30,798 | 29,015 |
| Due from related companies | 18 | 236 | 255 | 29,318 | 35,657 |
| Due from a director | 18 | 2,659 | 4,009 | – | – |
| Due from a shareholder | 18 | – | 700 | – | – |
| Tax recoverable | | 2,759 | 3,178 | 10,224 | 12,438 |
| Pledged deposits | 19 | 20,312 | 122,958 | 131,317 | 156,520 |
| Cash and cash equivalents | 19 | 27,438 | 93,243 | 286,874 | 283,538 |
| Total current assets | | 478,210 | 845,248 | 1,766,482 | 1,726,077 |
| CURRENT LIABILITIES | | | | | |
| Trade and bills payables | 20 | 200,047 | 279,561 | 739,936 | 697,561 |
| Other payables and accruals | 21 | 54,654 | 253,739 | 281,547 | 333,831 |
| Dividend payable | | 2,500 | – | – | 23,414 |
| Due to related companies | 18 | 758 | 13,022 | – | – |
| Due to a director | 18 | – | – | 6,138 | 12,102 |
| Due to a shareholder | 18 | – | 42,879 | – | – |
| Loan from a shareholder | 18 | – | 101,706 | – | – |
| Derivative financial instrument | 22 | – | 8,160 | 114 | – |
| Interest-bearing bank and other borrowings | 23 | 302,778 | 417,904 | 555,688 | 610,159 |
| Tax payable | | 2,093 | 7,251 | 10,308 | 8,156 |
| Provision for restoration | 25 | – | 388 | 775 | 1,420 |
| Total current liabilities | | 562,830 | 1,124,610 | 1,594,506 | 1,686,643 |
| NET CURRENT ASSETS/(LIABILITIES) | | (84,620) | (279,362) | 171,976 | 39,434 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 117,517 | 471,796 | 1,161,711 | 1,194,904 |
| NON-CURRENT LIABILITIES | | | | | |
| Other payables | 21 | 148 | 119,766 | 207,117 | 294,977 |
| Interest-bearing bank and other borrowings | 23 | – | 117,280 | 410,183 | 379,346 |
| Provision of restoration | 25 | 775 | 775 | 1,033 | 775 |
| Deferred tax liabilities | 26 | 5,668 | 4,148 | 3,883 | 3,883 |
| Total non-current liabilities | | 6,591 | 241,969 | 622,216 | 678,981 |
| Net assets | | 110,926 | 229,827 | 539,495 | 515,923 |
| EQUITY | | | | | |
| **Equity attributable to owners of the Company** | | | | | |
| Share capital | 27 | – | – | – | – |
| Reserves | 29 | 110,926 | 229,827 | 539,495 | 515,923 |
| | | 110,926 | 229,827 | 539,495 | 515,923 |
| **Non-controlling interest** | | – | – | – | – |
| Total equity | | 110,926 | 229,827 | 539,495 | 515,923 |

## COMBINED STATEMENTS OF CHANGES IN EQUITY

| | Notes | Attributable to owners of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Share capital | Merger reserve | Capital reserve | Asset revaluation reserve | Statutory reserve funds | Exchange fluctuation reserve | Retained profits | Total | Non-controlling interest | Total equity |
| | | HK$'000 | HK$'000 (note 29(a)) | HK$'000 (note 29(b)) | HK$'000 | HK$'000 (note 29(c)) | HK$'000 (note 29(d)) | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| At January 1, 2013 | | – | 10 | 752 | 13,437 | 10,556 | 8,245 | 55,892 | 88,892 | 2,088 | 90,980 |
| Profit for the year | | – | – | – | – | – | – | 9,309 | 9,309 | 372 | 9,681 |
| Other comprehensive income for the year: | | | | | | | | | | | |
| Exchange differences on translation of foreign operations | | – | – | – | – | – | 3,304 | – | 3,304 | – | 3,304 |
| Gain on property revaluation, net of tax | | – | – | – | 2,963 | – | – | – | 2,963 | – | 2,963 |
| Total comprehensive income for the year | | – | – | – | 2,963 | – | 3,304 | 9,309 | 15,576 | 372 | 15,948 |
| Dividend paid to the non-controlling shareholder of a subsidiary | | – | – | – | – | – | – | – | – | (160) | (160) |
| Acquisition of non-controlling interest | *30* | – | – | 8,502 | – | – | – | (6,202) | 2,300 | (2,300) | – |
| Equity-settled share-based payment arrangement | *28* | – | – | 9,600 | – | – | – | – | 9,600 | – | 9,600 |
| Capital contributions from the controlling shareholders | | – | 8 | – | – | – | – | – | 8 | – | 8 |
| Distributions to the controlling shareholders | | – | (10) | – | – | – | – | – | (10) | – | (10) |
| Transfer of depreciation for revalued land and building | | – | – | – | (401) | – | – | 401 | – | – | – |
| Interim 2013 dividends | *11* | – | – | – | – | – | – | (5,440) | (5,440) | – | (5,440) |
| At December 31, 2013 and at January 1, 2014 | | – | 8* | 18,854* | 15,999* | 10,556* | 11,549* | 53,960* | 110,926 | – | 110,926 |
| Profit for the year | | – | – | – | – | – | – | 120,746 | 120,746 | – | 120,746 |
| Other comprehensive loss for the year: | | | | | | | | | | | |
| Exchange differences on translation of foreign operations | | – | – | – | – | – | (1,797) | – | (1,797) | – | (1,797) |
| Total comprehensive income for the year | | – | – | – | – | – | (1,797) | 120,746 | 118,949 | – | 118,949 |
| Distributions to the controlling shareholders | | – | (48) | – | – | – | – | – | (48) | – | (48) |
| At December 31, 2014 and at January 1, 2015 | | – | (40)* | 18,854* | 15,999* | 10,556* | 9,752* | 174,706* | 229,827 | – | 229,827 |
| Profit for the year | | – | – | – | – | – | – | 141,223 | 141,223 | – | 141,223 |
| Other comprehensive loss for the year: | | | | | | | | | | | |
| Exchange differences on translation of foreign operations | | – | – | – | – | – | (5,532) | – | (5,532) | – | (5,532) |
| Total comprehensive income for the year | | – | – | – | – | – | (5,532) | 141,223 | 135,691 | – | 135,691 |
| Issue of shares of a subsidiary | | – | 313,429 | – | – | – | – | – | 313,429 | – | 313,429 |
| Capital contributions from the controlling shareholders | | – | 48 | – | – | – | – | – | 48 | – | 48 |
| Interim 2015 dividend | *11* | – | – | – | – | – | – | (139,500) | (139,500) | – | (139,500) |
| At December 31, 2015 and at January 1, 2016 | | – | 313,437* | 18,854* | 15,999* | 10,556* | 4,220* | 176,429* | 539,495 | – | 539,495 |
| Profit for the period | | – | – | – | – | – | – | 28,063 | 28,063 | – | 28,063 |
| Other comprehensive loss for the period: | | | | | | | | | | | |
| Exchange differences on translation of foreign operations | | – | – | – | – | – | (1,633) | – | (1,633) | – | (1,633) |
| Total comprehensive income for the period | | – | – | – | – | – | (1,633) | 28,063 | 26,430 | – | 26,430 |

| | Notes | Attributable to owners of the Company | | | | | | | | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Share capital | Merger reserve | Capital reserve | Asset revaluation reserve | Statutory reserve funds | Exchange fluctuation reserve | Retained profits | Total | | |
| | | HK$'000 | HK$'000 (note 29(a)) | HK$'000 (note 29(b)) | HK$'000 | HK$'000 (note 29(c)) | HK$'000 (note 29(d)) | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Interim 2016 dividend | 11 | – | – | – | – | – | – | (50,002) | (50,002) | – | (50,002) |
| At May 31, 2016 | | – | 313,437* | 18,854* | 15,999* | 10,556* | 2,587* | 154,490* | 515,923 | – | 515,923 |
| (Unaudited) | | | | | | | | | | | |
| At January 1, 2015 | | – | (40) | 18,854 | 15,999 | 10,556 | 9,752 | 174,706 | 229,827 | – | 229,827 |
| Profit for the period | | – | – | – | – | – | – | 29,507 | 29,507 | – | 29,507 |
| Other comprehensive income for the period: | | | | | | | | | | | |
| Exchange differences on translation of foreign operations | | – | – | – | – | – | 95 | – | 95 | – | 95 |
| Total comprehensive income for the period | | – | – | – | – | – | 95 | 29,507 | 29,602 | – | 29,602 |
| Issue of shares of a subsidiary | | – | 155,174 | – | – | – | – | – | 155,174 | – | 155,174 |
| Interim 2015 dividend | 11 | – | – | – | – | – | – | (139,500) | (139,500) | – | (139,500) |
| At May 31, 2015 | | – | 155,134 | 18,854 | 15,999 | 10,556 | 9,847 | 64,713 | 275,103 | – | 275,103 |

* These reserve accounts comprise the combined reserves of HK$110,926,000, HK$229,827,000, HK$539,495,000 and HK$515,923,000 in the combined statements of financial position as at December 31, 2013, 2014 and 2015 and May 31, 2016, respectively.

## COMBINED STATEMENTS OF CASH FLOWS

| | Notes | Years ended December 31, | | | Five months ended May 31, | |
|---|---|---|---|---|---|---|
| | | 2013 | 2014 | 2015 | 2015 | 2016 |
| | | HK$'000 | HK$'000 | HK$'000 | HK$'000 (unaudited) | HK$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Profit before tax | | 15,575 | 140,996 | 164,415 | 35,218 | 37,448 |
| Adjustments for: | | | | | | |
| Finance costs | 6 | 8,712 | 14,640 | 34,697 | 12,849 | 23,388 |
| Bank interest income | 5 | (90) | (1,722) | (2,301) | (1,434) | (334) |
| Other interest income | 5 | – | (1,806) | (3,827) | (760) | (939) |
| Sales deposits forfeited | 5 | (127) | (84) | (2,993) | – | – |
| Gain on disposal of items of property, plant and equipment, net | 5 | (9) | (105) | (177) | – | – |
| Depreciation | 7 | 8,190 | 27,066 | 71,443 | 24,254 | 34,542 |
| Fair value loss/(gain) on an investment property | 7 | (100) | (400) | 300 | 300 | 1,100 |
| Fair value loss/(gain) on derivative financial instrument – transaction not qualifying as hedge | 7 | – | 8,160 | (8,046) | 5,894 | (114) |
| Impairment of trade receivables | 7 | – | 1,233 | 1,217 | 984 | – |
| Reversal of impairment of trade receivables | 7 | – | (199) | (475) | (475) | – |
| Write-off of trade receivables | 7 | 5 | 34 | – | – | – |
| Write-off of items of property, plant and equipment | 7 | – | 3,739 | – | – | – |
| Write-down of inventories to net realisable value | 7 | – | 5,998 | 2,971 | 2,982 | 1,949 |
| Equity-settled share-based payment expense | 28 | 9,600 | – | – | – | – |
| | | 41,756 | 197,550 | 257,224 | 79,812 | 97,040 |
| Increase in inventories | | (27,986) | (84,439) | (266,528) | (47,561) | (75,727) |
| Decrease/(increase) in trade receivables | | (99,977) | (94,674) | (439,233) | 7,125 | 142,245 |
| Decrease/(increase) in prepayments, deposits and other receivables | | (256) | (33,189) | 25,389 | 1,167 | 3,752 |
| Increase/(decrease) in trade and bills payables | | 114,093 | 81,327 | 466,781 | (38,120) | (40,788) |
| Increase/(decrease) in other payables and accruals | | 20,608 | 25,406 | 1,557 | 9,000 | (2,049) |
| Cash generated from operations | | 48,238 | 91,981 | 45,190 | 11,423 | 124,473 |
| Interest element of finance lease rental payments | | – | (3) | (4) | (2) | (2) |
| Hong Kong profits tax paid | | (3,465) | (3,799) | (20,993) | – | (3,496) |
| Overseas taxes paid | | (6,220) | (13,076) | (8,323) | (4,789) | (9,857) |
| Net cash flows from operating activities | | 38,553 | 75,103 | 15,870 | 6,632 | 111,118 |

| | Notes | Years ended December 31, | | | Five months ended May 31, | |
|---|---|---|---|---|---|---|
| | | 2013 | 2014 | 2015 | 2015 | 2016 |
| | | HK$'000 | HK$'000 | HK$'000 | HK$'000 (unaudited) | HK$'000 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Interest received | | 90 | 1,111 | 2,912 | 2,045 | 334 |
| Purchases of items of property, plant and equipment | | (35,456) | (294,346) | (147,519) | (28,753) | (66,759) |
| Increase in deposits paid for purchases of property, plant and equipment | | (67,853) | (104,337) | (5,406) | (3,953) | – |
| Proceeds from disposal of items of property, plant and equipment | | 27 | 105 | – | – | – |
| Decrease/(increase) in pledged deposits | | 7,187 | (103,105) | (9,400) | 16,794 | (25,735) |
| Increase in amounts due from related companies | | (3) | (19) | (96) | – | (6,339) |
| Decrease/(increase) in an amount due from a director | | (2,669) | (1,350) | (3,415) | 958 | – |
| Decrease/(increase) in an amount due from a shareholder | | – | (700) | 700 | – | – |
| Net cash flows used in investing activities | | (98,677) | (502,641) | (162,224) | (12,909) | (98,499) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | |
| Proceeds from issue of shares of a subsidiary | | 8 | – | 313,429 | 155,174 | – |
| Capital contributions from/ (distributions to) the controlling shareholders | | (10) | (48) | 48 | – | – |
| New bank borrowings | | 543,619 | 1,273,597 | 1,499,868 | 544,472 | 678,813 |
| New other borrowings | | – | – | 263,500 | – | – |
| Repayment of bank borrowings | | (431,111) | (1,029,102) | (1,318,118) | (597,005) | (655,897) |
| Capital element of finance lease rental payments | | – | (74) | (103) | (41) | (30) |
| Increase/(decrease) in amounts due to related companies | | (889) | 13,022 | 2,375 | 28,222 | – |
| Advance from/(repayment to) a business partner | | – | 118,187 | (118,945) | (118,945) | – |
| Repayment to a director | | (20,073) | – | – | – | – |
| Increase/(decrease) in an amount due to a shareholder | | – | 42,738 | (42,738) | (19,787) | – |
| Loan from/(repayment to) a shareholder | | – | 101,706 | (101,706) | – | – |
| Dividends paid | | (2,940) | (2,500) | (125,938) | – | (20,624) |
| Dividend paid to the non-controlling shareholder of a subsidiary | | (160) | – | – | – | – |
| Interest paid | | (8,599) | (12,823) | (21,013) | (9,749) | (17,771) |
| Net cash flows from/(used in) financing activities | | 79,845 | 504,703 | 350,659 | (17,659) | (15,509) |

| | Notes | Years ended December 31, | | | Five months ended May 31, | |
|---|---|---|---|---|---|---|
| | | 2013 | 2014 | 2015 | 2015 | 2016 |
| | | HK$'000 | HK$'000 | HK$'000 | HK$'000 (unaudited) | HK$'000 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | 19,721 | 77,165 | 204,305 | (23,936) | (2,890) |
| Cash and cash equivalents at beginning of year/period | | (16,430) | 6,412 | 83,377 | 83,377 | 286,874 |
| Effect of foreign exchange rate changes, net | | 3,121 | (200) | (808) | 51 | (446) |
| CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD | | 6,412 | 83,377 | 286,874 | 59,492 | 283,538 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | | | | | |
| Cash and bank balances | | 27,438 | 93,243 | 186,608 | 59,492 | 183,189 |
| Non-pledged time deposit with original maturity of less than three months when acquired | | – | – | 100,266 | – | 100,349 |
| Cash and cash equivalents as stated in the combined statements of financial position | *19* | 27,438 | 93,243 | 286,874 | 59,492 | 283,538 |
| Bank overdrafts | *23* | (21,026) | (9,866) | – | – | – |
| Cash and cash equivalents as stated in the combined statements of cash flows | | 6,412 | 83,377 | 286,874 | 59,492 | 283,538 |

## STATEMENT OF FINANCIAL POSITION OF THE COMPANY

| | *Notes* | As at May 31, 2016 |
|---|---|---|
| | | HK$'000 |
| CURRENT LIABILITY | | |
| Due to a related company | *18* | 24 |
| Total liability | | (24) |
| EQUITY | | |
| Share capital | *27* | – |
| Accumulated loss | | (24) |
| Total equity | | (24) |

## II. NOTES TO FINANCIAL INFORMATION

### 1. CORPORATE AND GROUP INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Units 2019-25, 20/F., Tower 1, Metroplaza, 223 Hing Fong Road, Kwai Chung, New Territories, Hong Kong.

The Company is an investment holding company. During the Relevant Periods, the Company's subsidiaries were principally engaged in the design, integration, sale and installation of engine-based electricity generation units and the provision of distributive power solutions, including the design, investment in, building, lease and operation of distributive power generation stations.

The Company and its subsidiaries now comprising the Group underwent the Reorganisation as set out in the paragraphs headed "Reorganization" in the section headed "History, Reorganization and Corporate Structure" in the Prospectus.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

| Name | Place and date of incorporation/ registration and place of business | Issued ordinary/ registered share capital | Percentage of equity attributable to the Company | | Principal activities |
|---|---|---|---|---|---|
| | | | Direct | Indirect | |
| Crest Pacific Investments Limited (note (d)) | British Virgin Islands/ Hong Kong January 2, 2013 | US$1,076 | 100 | – | Investment holding |
| VPower Engineering (China) Limited (note (a)) | Hong Kong October 11, 2002 | HK$10,000,000 | – | 100 | Investment holding and trading of engines and components |
| VPower Technology Limited (note (a)) | Hong Kong June 1, 2001 | HK$400,000 | – | 100 | Sale and installation of power generation systems |
| VPower Holdings Limited (note (a)) | Hong Kong April 17, 2002 | HK$1,000,000 | – | 100 | Trading of engines and components |
| 偉能機電設備(深圳)有限公司 (note (e)) | People's Republic of China ("PRC")/ Mainland China November 27, 2003 | HK$12,500,000 | – | 100 | Manufacture of power generation systems |
| Radiant Horizon Limited (note (d)) | British Virgin Islands/ Hong Kong May 18, 2012 | US$1 | – | 100 | Investment holding |
| VPower Group Holdings Limited (note (b)) | Hong Kong June 11, 2007 | HK$10,000 | – | 100 | Investment holding and provision of distributive power solutions |
| VPower Group Holdings (Asia) Limited (formerly known as Super Idea Ventures Limited) (note (d)) | British Virgin Islands/ Hong Kong August 29, 2014 | US$100 | – | 100 | Investment holding |
| VPower Group Holdings (Africa) Limited (note (d)) | British Virgin Islands/ Hong Kong November 18, 2013 | US$1 | – | 100 | Inactive |
| VPower Group Holdings (Singapore) Pte. Limited (note (c)) | Singapore September 23, 2014 | SG$10,000 | – | 100 | Investment holding |
| VPower Holdings (Singapore) Pte. Limited (note (c)) | Singapore September 23, 2014 | SG$10,000 | – | 100 | Provision of distributive power solutions |
| Assets Guru Limited (note (d)) | British Virgin Islands/ Hong Kong July 3, 2014 | US$1 | – | 100 | Inactive |
| Paragon Vision Limited (note (d)) | British Virgin Islands/ Hong Kong September 23, 2015 | US$1 | – | 100 | Investment holding |
| VPower Operation and Services Limited (formerly known as VPower Rental Services (Senegal) Limited) (note (b)) | Hong Kong May 10, 2013 | HK$1 | – | 100 | Provision of management services |

*Notes:*

(a) The statutory financial statements of these entities for the years ended December 31, 2013 and 2014 prepared under Hong Kong Financial Reporting Standards for Private Entities were audited by Mr. Law Tai Yan, certified public accountant registered in Hong Kong, and the statutory financial statements of these entities for the year ended December 31, 2015 prepared under HKFRSs were audited by Ernst & Young, Hong Kong.

(b) The statutory financial statements of these entities for the years ended December 31, 2013, 2014 and 2015 (or since date of incorporation, where later than the beginning of the Relevant Periods) prepared under HKFRSs were audited by Ernst & Young, Hong Kong.

(c) The statutory financial statements of these entities for the period from September 23, 2014 (date of incorporation) to December 31, 2015 prepared under Singapore Financial Reporting Standards were audited by Ernst & Young LLP, Singapore.

(d) No statutory financial statements have been prepared for these entities for the years ended December 31, 2013, 2014 and 2015 (or since date of incorporation, where later than the beginning of the Relevant Periods) as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdictions of incorporation.

(e) 偉能機電設備(深圳)有限公司 is registered as a wholly-foreign-owned enterprise under PRC law. The statutory financial statements for the years ended December 31, 2013, 2014 and 2015 prepared under PRC Generally Accepted Accounting Principles were audited by 深圳中聯岳華會計師事務所, certified public accountants registered in the PRC.

**2.1 BASIS OF PRESENTATION**

Pursuant to the Reorganisation as more fully explained in the paragraphs headed "Reorganization" in the section headed "History, Reorganization and Corporate Structure" in the Prospectus, the Company became the holding company of the companies now comprising the Group subsequent to the end of the Relevant Periods on September 1, 2016. The companies now comprising the Group were under the common control of Mr. Lam Yee Chun and Ms. Chan Mei Wan (the "Controlling Shareholders") before and after the Reorganisation. Accordingly, for the purpose of this report, the Financial Information has been prepared on a combined basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Relevant Periods.

For the purpose of this report, the related financial information of VPower Technology Company Limited and VPower Technology Chad Limited, which were principally engaged in the design, investment in, building, leasing and operation of distributive power generation stations in Chad (the "Chad Operation"), has been excluded from the Financial Information throughout the Relevant Periods as such Chad operation was considered by the directors to be geographically distinct and separately managed, and the related financial information was identifiable.

The combined statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods and the five months ended May 31, 2015 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the Controlling Shareholders, where this is a shorter period. The combined statements of financial position of the Group as at December 31, 2013, 2014 and 2015 and May 31, 2016 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the Controlling Shareholders' perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

Equity interests in subsidiaries and/or businesses held by parties other than the Controlling Shareholders, and changes therein, prior to the Reorganisation are presented as non-controlling interest in equity in applying the principles of merger accounting.

All intra-group transactions and balances have been eliminated on combination.

**2.2 BASIS OF PREPARATION**

The Financial Information has been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from January 1, 2016, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Information.

The Financial Information has been prepared under the historical cost convention, except for investment property and derivative financial instrument which have been measured at fair value. The Financial Information is presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

**2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS**

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Financial Information.

| | |
|---|---|
| Amendments to HKFRS 2 | *Classification and Measurement of Share-based Payment Transactions*[2] |
| HKFRS 9 | *Financial Instruments*[2] |
| Amendments to HKFRS 10 and HKAS 28 (2011) | *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4] |
| HKFRS 15 | *Revenue from Contracts with Customers*[2] |
| Amendments to HKFRS 15 | *Clarifications to HKFRS 15*[2] |
| HKFRS 16 | *Leases*[3] |
| Amendments to HKAS 7 | *Disclosure Initiative*[1] |
| Amendments to HKAS 12 | *Recognition of Deferred Tax Assets for Unrealised Losses*[1] |

[1] Effective for annual periods beginning on or after January 1, 2017
[2] Effective for annual periods beginning on or after January 1, 2018
[3] Effective for annual periods beginning on or after January 1, 2019
[4] No mandatory effective date is determined but available for early adoption

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from January 1, 2018. The Group is currently assessing the impact of the standard.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on January 1, 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

HKFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. For lessee accounting, the standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. For lessor accounting, the standard substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Group expects to adopt HKFRS 16 on January 1, 2019. The Group expects that the adoption of HKFRS 16 will have an impact on the financial position and financial performance of the Group and the detailed assessment is still in progress.

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

Fair value measurement

The Group measures its investment property and derivative financial instrument at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and investment property), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and the Group are joint ventures of the same third party;

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

  (vi) the entity is controlled or jointly controlled by a person identified in (a);

  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied,

the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the statement of profit or loss. Any subsequent revaluation surplus is credited to the statement of profit or loss to the extent of the deficit previously charged. An annual transfer from the asset revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued carrying amount of an asset and the depreciation based on the asset's original cost. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives or principal annual rates used for this purpose are as follows:

| | |
|---|---|
| Leasehold land under a finance lease and building | Over the shorter of lease term and 45 years |
| Leasehold improvements | Over the shorter of lease term and 20% |
| Mobilisation and installation | Over the lease terms |
| Machinery and equipment | 4% to 33 ⅓% |
| Furniture, fixtures and office equipment | 18% to 33 ⅓% |
| Motor vehicles | 18% to 20% |

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents power generation assets under mobilisation and installation at power generation sites, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs incurred and capitalised borrowing costs on related borrowed funds during the period of mobilisation and installation. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under

capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Financial assets

*Initial recognition and measurement*

Financial assets are classified, at initial recognition, as loans and receivables. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

*Subsequent measurement of loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation and the loss arising from impairment are recognised in the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's combined statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

*Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the statement of profit or loss.

Financial liabilities

*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

*Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification as follows:

*Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

*Loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is recognised in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

*Initial recognition and subsequent measurement*

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss. All forward currency contracts entered into by the Group do not qualify for hedge accounting.

*Current versus non-current classification*

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the combined statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the combined statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is recognised in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries/jurisdictions in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

(b) Distributive power solutions

The Group derives revenue from contracts that provide customers with distributive power solutions, including the development, system integration, technical servicing, operation and maintenance of self-owned power generation assets. The Group's contracts primarily represent lease contracts, which are accounted for as operating leases. The Group determines lease classification on a contract-specific basis.

The Group earns revenue on contracts by providing capacity based on a specified number of megawatts (MWs) to the customer. The revenue is calculated based on the actual amount of energy that the Group delivers to the customer, as measured in kilowatt hours (kWhs). The revenue of the contract is recognised when the energy is produced and delivered to the customer in accordance with the contractual arrangements.

(c) Management fee income

Management fee income is recognised when the relevant services have been rendered.

(d) Income from contract assignment/novation

The consideration for the assignment/novation of a contract to a related company is contingent on the electricity generated by the Chad Operation. Income from the assignment/novation of contract is recognised when the electricity generated can be measured reliably.

(e) Rental income

Rental income is recognised on a time proportion basis over the lease terms.

(f) Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Share-based payments

Employees (including directors) and consultants of the Group receive remuneration in the form of share-based payments, whereby employees and consultants render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees and others providing similar services is measured by reference to the fair value of the equity instruments at the date at which they are granted. The cost of equity-settled transactions with parties other than employees is measured directly at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value is measured indirectly by reference to the fair value of the equity instruments granted.

The cost of equity-settled transactions is charged to the statement of profit or loss, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled.

Other employee benefits

*Pension schemes*

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The PRC subsidiary is required to contribute a percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The Financial Information is presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the combined statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

The preparation of the Group's Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Financial Information:

*Determination of functional currency*

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currency of each entity in the Group, judgement is required to determine and consider the currency that mainly influences sales prices of goods and services and of the country/jurisdiction whose competitive forces and regulations mainly determines the sales prices of goods and services; the currency that mainly influences labour, materials and other costs of providing goods or services; the currency in which funds from financing activities are generated; and the currency in which receipts from operating activities are usually retained. The functional currency of each entity in the Group is determined based on management's assessment of the primary economic environment in which the entities operate. When the indicators are mixed and the functional currency is not obvious, management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

*Revenue recognition*

The Group recognises revenue for the sales of generator cores. Based on the Group's past experience and the nature of contracts undertaken by the Group, management makes judgement to determine the point at which they consider the significant risks and rewards of ownership of the underlying goods have been substantially transferred to the customer and hence the recognition criteria for the related revenue are met in accordance with the accounting policy for revenue recognition in note 2.4 to the Financial Information.

Significant judgements are required to determine the point of revenue recognition. The judgements are made based on past experience and knowledge of the complexity and installation of generator cores.

During the years ended December 31, 2014 and 2015 and the five months ended May 31, 2016, the Group recognises revenue of approximately HK$74,284,000, HK$297,586,000 and HK$55,104,000, respectively, for the sales of engine-based electricity generation units and spare parts to an independent third party, which was a sub-contractor of an engineering, procurement and construction contractor (the "EPC Contractor") of the Group for the construction of certain power stations. Upon completion of the construction of the power stations, the EPC Contractor would transfer the power stations (including the power generation assets) to the Group and the Group would recognise such power stations in accordance with the accounting policy for property, plant and equipment and depreciation in note 2.4 to the Financial Information. Significant judgement is involved by management to determine that the above transactions were not linked transactions and the significant risks and rewards of ownership of the engine-based electricity generation units and spare parts have been transferred to the sub-contractor and hence the recognition criteria for the related revenue are met. The estimated gross profit in respect of the related sales of engine-based electricity generation units and spare parts amounted to approximately HK$14,467,000, HK$86,446,000 and HK$10,090,000 for the years ended December 31, 2014 and 2015 and the five months ended May 31, 2016, respectively.

*Income taxes*

The Group has exposure to income taxes in different jurisdictions. Significant judgement is involved in determining the provision for income taxes. Determining income tax provisions involves judgement on the future tax treatment of certain transactions and interpretation of tax rules. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation, interpretations and practices in respect thereof.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

*Impairment of loans and receivables*

The Group assesses at the end of each reporting period whether there is objective evidence that a loan/receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

The Group maintains an allowance for estimated impairment of receivables arising from the inability of its customers and debtors to make the required payments. The Group makes its estimates based on, inter alia, the ageing of its receivable balances, customers' and debtors' creditworthiness, past repayment history and historical write-off experience. If the financial condition of its customers and debtors was to deteriorate so that the actual impairment loss might be higher than expected, the Group would be required to revise the basis of making the allowance and its future results would be affected. As at December 31, 2013, 2014 and 2015 and May 31, 2016, the aggregate carrying amounts of loans and receivables were HK$254,223,000, HK$539,718,000, HK$1,177,302,000 and HK$1,058,989,000, respectively.

*Net realisable value of inventories*

The Group performs regular review of the carrying amounts of inventories with reference to aged analyses of the Group's inventories, projections of expected future saleability of goods and management experience and judgement. Based on this review, write-down of

inventories will be made when the estimated net realisable value of inventories declines below their carrying amount. Due to changes in technological, market and economic environment and customers' preference, actual saleability of goods may be different from estimation and profit or loss could be affected by differences in this estimation. As at December 31, 2013, 2014 and 2015 and May 31, 2016, the carrying amounts of inventories were HK$221,811,000, HK$298,074,000, HK$563,016,000 and HK$635,645,000, respectively.

**4. OPERATING SEGMENT INFORMATION**

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

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

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

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

Segment assets exclude deferred tax assets, tax recoverable, pledged deposits, cash and cash equivalents, balances with related parties and other unallocated head office and corporate assets as these assets are managed on a group basis.

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

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

Year ended December 31, 2013

| | SI | IBO | Total |
|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 |
| **Segment revenue:** | | | |
| Sales to external customers | 535,543 | 40,234 | 575,777 |
| Intersegment sales | 30,312 | – | 30,312 |
| | 565,855 | 40,234 | 606,089 |
| *Reconciliation:* | | | |
| Elimination of intersegment sales | | | (30,312) |
| Revenue | | | 575,777 |
| **Segment results** | 41,862 | 18,373 | 60,235 |
| *Reconciliation:* | | | |
| Elimination of intersegment results | | | (14,147) |
| Bank interest income | | | 90 |
| Corporate and unallocated expenses, net | | | (21,891) |
| Finance costs | | | (8,712) |
| Profit before tax | | | 15,575 |
| **Segment assets** | 437,041 | 189,696 | 626,737 |
| *Reconciliation:* | | | |
| Corporate and unallocated assets | | | 53,610 |
| Total assets | | | 680,347 |
| **Segment liabilities** | 235,644 | 18,057 | 253,701 |
| *Reconciliation:* | | | |
| Corporate and unallocated liabilities | | | 315,720 |
| Total liabilities | | | 569,421 |
| **Other segment information:** | | | |
| Write-off of trade receivables | 5 | – | 5 |
| Depreciation | 2,103 | 6,087 | 8,190 |
| Capital expenditure | 3,386 | 35,558 | 38,944 |

Year ended December 31, 2014

| | SI | IBO | Total |
|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 |
| **Segment revenue:** | | | |
| Sales to external customers | 785,454 | 144,327 | 929,781 |
| Intersegment sales | 1,602 | – | 1,602 |
| | 787,056 | 144,327 | 931,383 |
| *Reconciliation:* | | | |
| Elimination of intersegment sales | | | (1,602) |
| Revenue | | | 929,781 |
| **Segment results** | 130,935 | 52,127 | 183,062 |
| *Reconciliation:* | | | |
| Elimination of intersegment results | | | (19) |
| Bank interest income | | | 1,722 |
| Corporate and unallocated expenses, net | | | (29,129) |
| Finance costs | | | (14,640) |
| Profit before tax | | | 140,996 |
| **Segment assets** | 588,987 | 783,057 | 1,372,044 |
| *Reconciliation:* | | | |
| Corporate and unallocated assets | | | 224,362 |
| Total assets | | | 1,596,406 |
| **Segment liabilities** | 318,312 | 213,082 | 531,394 |
| *Reconciliation:* | | | |
| Corporate and unallocated liabilities | | | 835,185 |
| Total liabilities | | | 1,366,579 |
| **Other segment information:** | | | |
| Impairment of trade receivables | 1,233 | – | 1,233 |
| Reversal of impairment of trade receivables | (199) | – | (199) |
| Write-off of trade receivables | 34 | – | 34 |
| Write-off of items of property, plant and equipment | – | 3,739 | 3,739 |
| Write-down of inventories to net realisable value | 5,998 | – | 5,998 |
| Depreciation | 1,892 | 25,174 | 27,066 |
| Capital expenditure | 1,991 | 533,221 | 535,212 |

Year ended December 31, 2015

| | SI | IBO | Total |
|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 |
| **Segment revenue:** | | | |
| Sales to external customers | 965,587 | 247,256 | 1,212,843 |
| Intersegment sales | (1,468) | – | (1,468) |
| | 964,119 | 247,256 | 1,211,375 |
| *Reconciliation:* | | | |
| Elimination of intersegment sales | | | 1,468 |
| Revenue | | | 1,212,843 |
| **Segment results** | 162,743 | 95,043 | 257,786 |
| *Reconciliation:* | | | |
| Elimination of intersegment results | | | (1,145) |
| Bank interest income | | | 2,301 |
| Corporate and unallocated expenses, net | | | (59,830) |
| Finance costs | | | (34,697) |
| Profit before tax | | | 164,415 |
| **Segment assets** | 1,149,340 | 1,146,071 | 2,295,411 |
| *Reconciliation:* | | | |
| Corporate and unallocated assets | | | 460,806 |
| Total assets | | | 2,756,217 |
| **Segment liabilities** | 761,064 | 460,058 | 1,221,122 |
| *Reconciliation:* | | | |
| Corporate and unallocated liabilities | | | 995,600 |
| Total liabilities | | | 2,216,722 |
| **Other segment information:** | | | |
| Impairment of trade receivables | 1,217 | – | 1,217 |
| Reversal of impairment of trade receivables | (475) | – | (475) |
| Write-down of inventories to net realisable value | 2,185 | 786 | 2,971 |
| Depreciation | 2,637 | 68,806 | 71,443 |
| Capital expenditure | 4,905 | 415,373 | 420,278 |

Five months ended May 31, 2015 (unaudited)

| | SI | IBO | Total |
|---|---|---|---|
| | HK$'000 (unaudited) | HK$'000 (unaudited) | HK$'000 (unaudited) |
| **Segment revenue:** | | | |
| Sales to external customers | 202,643 | 92,229 | 294,872 |
| Intersegment sales | 2,717 | – | 2,717 |
| | 205,360 | 92,229 | 297,589 |
| *Reconciliation:* | | | |
| Elimination of intersegment sales | | | (2,717) |
| Revenue | | | 294,872 |
| **Segment results** | 45,525 | 39,141 | 84,666 |
| *Reconciliation:* | | | |
| Elimination of intersegment results | | | (950) |
| Bank interest income | | | 1,434 |
| Corporate and unallocated expenses, net | | | (37,083) |
| Finance costs | | | (12,849) |
| Profit before tax | | | 35,218 |
| **Other segment information:** | | | |
| Impairment of trade receivables | 984 | – | 984 |
| Reversal of impairment of trade receivables | (475) | – | (475) |
| Write-down of inventories to net realisable value | 2,196 | 786 | 2,982 |
| Depreciation | 888 | 23,366 | 24,254 |
| Capital expenditure | 1,946 | 406,169 | 408,115 |

Five months ended May 31, 2016

| | SI | IBO | Total |
|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 |
| **Segment revenue:** | | | |
| Sales to external customers | 376,890 | 132,121 | 509,011 |
| Intersegment sales | – | – | – |
| | 376,890 | 132,121 | 509,011 |
| *Reconciliation:* | | | |
| Elimination of intersegment sales | | | – |
| Revenue | | | 509,011 |
| **Segment results** | 42,489 | 56,182 | 98,671 |
| *Reconciliation:* | | | |
| Elimination of intersegment results | | | (100) |
| Bank interest income | | | 334 |
| Corporate and unallocated expenses, net | | | (38,069) |
| Finance costs | | | (23,388) |
| Profit before tax | | | 37,448 |
| **Segment assets** | 993,822 | 1,389,827 | 2,383,649 |
| *Reconciliation:* | | | |
| Corporate and unallocated assets | | | 497,898 |
| Total assets | | | 2,881,547 |
| **Segment liabilities** | 721,920 | 585,141 | 1,307,061 |
| *Reconciliation:* | | | |
| Corporate and unallocated liabilities | | | 1,058,563 |
| Total liabilities | | | 2,365,624 |
| **Other segment information:** | | | |
| Write-down of inventories to net realisable value | 1,949 | – | 1,949 |
| Depreciation | 1,040 | 33,502 | 34,542 |
| Capital expenditure | 970 | 201,699 | 202,669 |

Geographical information

(a) Revenue from external customers

| | Years ended December 31, | | | Five months ended May 31, | |
|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2015 | 2016 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 (unaudited) | HK$'000 |
| Hong Kong | 21,708 | 20,575 | 143,520 | 34,904 | 9,952 |
| Mainland China | 378,671 | 312,066 | 506,054 | 114,384 | 203,368 |
| Asian countries | 159,768 | 595,220 | 560,851 | 145,527 | 295,594 |
| Other countries | 15,630 | 1,920 | 2,418 | 57 | 97 |
| | 575,777 | 929,781 | 1,212,843 | 294,872 | 509,011 |

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

(b) Non-current assets

| | As at December 31, | | | As at May 31, |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Hong Kong | 88,197 | 125,371 | 79,369 | 77,712 |
| Mainland China | 4,489 | 4,172 | 3,444 | 3,675 |
| Asian countries | 103,552 | 562,734 | 904,106 | 1,072,303 |
| Other countries | – | 45,834 | – | – |
| | 196,238 | 738,111 | 986,919 | 1,153,690 |

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

Information about major customers

Revenue from external customers contributing over 10% of the total revenue of the Group for the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2015 and 2016 is as follows:

| | Years ended December 31, | | | Five months ended May 31, | |
|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2015 | 2016 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 (unaudited) | HK$'000 |
| Customer A | N/A* | 206,917 | 212,526 | N/A* | 136,014 |
| Customer B | N/A* | 137,244 | 297,586 | N/A* | 75,491 |
| Customer C | N/A* | 123,808 | N/A* | N/A* | N/A* |
| Customer D | 198,820 | N/A* | N/A* | 57,008 | 86,231 |
| Customer E | N/A* | N/A* | N/A* | 30,858 | N/A* |
| | 198,820 | 467,969 | 510,112 | 87,866 | 297,736 |

* *Nil or less than 10% of revenue*

## 5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for trade discounts; and the fees earned from the provision of distributive power solutions, including the design, investment in, building, lease and operation of distributive power generation stations.

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

| | Years ended December 31, | | | Five months ended May 31, | |
|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2015 | 2016 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 (unaudited) | HK$'000 |
| Revenue | | | | | |
| Sale of goods | 535,543 | 785,454 | 965,587 | 202,643 | 376,890 |
| Provision of distributive power solutions | 40,234 | 144,327 | 247,256 | 92,229 | 132,121 |
| | 575,777 | 929,781 | 1,212,843 | 294,872 | 509,011 |
| Other income | | | | | |
| Bank interest income | 90 | 1,722 | 2,301 | 1,434 | 334 |
| Other interest income | – | 1,806 | 3,827 | 760 | 939 |
| Management fee income | 30 | – | – | – | – |
| Income from contract assignment/novation | – | – | 9,250 | 3,814 | 3,826 |
| Rental income | 296 | 888 | 872 | 370 | 350 |
| Government grants* | 3,320 | 1,776 | 3,031 | 481 | – |
| Sales deposits forfeited | 127 | 84 | 2,993 | – | – |
| Insurance claim | – | – | 3,023 | – | – |
| Others | 384 | 2,059 | 4,042 | 2,162 | 44 |
| | 4,247 | 8,335 | 29,339 | 9,021 | 5,493 |
| Gains | | | | | |
| Net gain on settlement of derivative financial instruments | 1,949 | 298 | – | – | – |
| Fair value gain on derivative financial instrument | – | – | 8,046 | – | 114 |
| Fair value gain on an investment property | 100 | 400 | – | – | – |
| Gain on disposal of items of property, plant and equipment, net | 9 | 105 | 177 | – | – |
| Foreign exchange differences, net | – | 41,240 | 8,384 | 12,749 | – |
| | 2,058 | 42,043 | 16,607 | 12,749 | 114 |
| | 6,305 | 50,378 | 45,946 | 21,770 | 5,607 |

* Various government grants have been received by a subsidiary as the subsidiary was qualified as a high-technology enterprise in the PRC. There were no unfulfilled conditions or contingencies relating to these grants.

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

| | Years ended December 31, | | | Five months ended May 31, | |
|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2015 | 2016 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 (unaudited) | HK$'000 |
| Interest and other finance costs on letters of credit, bank loans and overdrafts | 8,712 | 13,153 | 21,027 | 9,624 | 11,481 |
| Interest on finance leases | – | 3 | 4 | 2 | 2 |
| Interest on other borrowings | – | – | 942 | – | 5,755 |
| Interest on loan from a shareholder | – | 141 | 277 | 125 | – |
| | 8,712 | 13,297 | 22,250 | 9,751 | 17,238 |
| Amortisation of debt establishment cost | – | – | 103 | – | 748 |
| Notional interest on other payables | – | 1,343 | 12,344 | 3,098 | 5,402 |
| | 8,712 | 14,640 | 34,697 | 12,849 | 23,388 |

## 7. PROFIT BEFORE TAX

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

| | | Years ended December 31, | | | Five months ended May 31, | |
|---|---|---|---|---|---|---|
| | *Notes* | 2013 | 2014 | 2015 | 2015 | 2016 |
| | | HK$'000 | HK$'000 | HK$'000 | HK$'000 (unaudited) | HK$'000 |
| Cost of inventories sold | | 457,144 | 612,976 | 747,588 | 149,176 | 290,748 |
| Cost of services provided | | 19,081 | 58,933 | 111,497 | 34,699 | 57,443 |
| Auditors' remuneration | | 2,140 | 2,862 | 3,842 | 1,021 | 811 |
| Depreciation* | *13* | 8,190 | 27,066 | 71,443 | 24,254 | 34,542 |
| Lease receipts under operating leases in respect of power generation assets: | | | | | | |
| Contingent rents recognised as income | | (40,234) | (144,327) | (247,256) | (92,229) | (132,121) |
| Minimum lease payments under operating leases in respect of land and buildings | | 3,989 | 4,368 | 6,492 | 2,371 | 3,306 |
| Employee benefit expense (including directors' remuneration (note 8))^: | | | | | | |
| Wages, salaries, bonuses and allowances | | 21,016 | 31,152 | 51,378 | 22,007 | 22,019 |
| Pension scheme contributions (defined contribution schemes) | | 1,585 | 1,743 | 1,843 | 865 | 916 |
| Less: Amount capitalised | | (2,704) | (421) | (78) | (78) | – |
| | | 19,897 | 32,474 | 53,143 | 22,794 | 22,935 |
| Net loss/(gain) on settlement of derivative financial instruments | | (1,949) | (298) | 28,585# | 15,715# | 698# |
| Fair value loss/(gain) on an investment property | | (100) | (400) | 300# | 300# | 1,100# |
| Fair value loss/(gain) on derivative financial instrument – transaction not qualifying as hedge | | – | 8,160# | (8,046) | 5,894# | (114) |
| Foreign exchange differences, net | | 5,026# | (41,240) | (8,384) | (12,749) | 11,220# |
| Impairment of trade receivables# | *15* | – | 1,233 | 1,217 | 984 | – |
| Reversal of impairment of trade receivables# | *15* | – | (199) | (475) | (475) | – |
| Write-off of trade receivables# | | 5 | 34 | – | – | – |
| Write-off of items of property, plant and equipment# | *13* | – | 3,739 | – | – | – |
| Write-down of inventories to net realisable value# | | – | 5,998 | 2,971 | 2,982 | 1,949 |
| Equity-settled share-based payment expense | *28* | 9,600 | – | – | – | – |

* Included in the cost of sales for the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2015 and 2016 were depreciation charges of HK$6,320,000, HK$24,171,000, HK$65,683,000, HK$21,777,000 (unaudited) and HK$33,616,000, respectively.

^ Employee benefit expense incurred on research and development activities for the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2015 and 2016 amounted to HK$1,143,000, HK$1,965,000, HK$3,009,000, HK$1,048,000 (unaudited) and HK$1,278,000, respectively.

\# Included in "Other expenses, net" in the combined statements of profit or loss.

**8. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION**

Mr. Lam Yee Chun, Mr. Lee Chong Man Jason, Mr. Au-Yeung Tai Hong Rorce and Mr. Lo Siu Yuen were appointed as executive directors of the Company on February 22, 2016, April 26, 2016, April 26, 2016 and April 26, 2016, respectively. Ms. Chan Mei Wan and Dr. Chan Ka Keung were appointed as non-executive directors of the Company on April 26, 2016. Mr. Tsoi David, Mr. Yeung Wai Fai Andrew and Mr. Suen Wai Yu were appointed as independent non-executive directors of the Company on October 24, 2016, and Mr. Lee Chong Man Jason and Mr. Au-Yeung Tai Hong Rorce were appointed as the chief executives of the Company on April 26, 2016.

Certain of the directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors of these subsidiaries or their capacity as employees of these subsidiaries. The remuneration of each of these directors as recorded in the financial statements of the subsidiaries is set out below:

| | Fees | Salaries, allowances and benefits in kind | Pension scheme contributions | Total remuneration |
|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Year ended December 31, 2013 | | | | |
| Mr. Lam Yee Chun | – | 2,544 | 15 | 2,559 |
| Mr. Lee Chong Man Jason | – | 1,280 | 15 | 1,295 |
| Mr. Lo Siu Yuen | – | 999 | 15 | 1,014 |
| Ms. Chan Mei Wan | – | 1,160 | 15 | 1,175 |
| | – | 5,983 | 60 | 6,043 |
| Year ended December 31, 2014 | | | | |
| Mr. Lam Yee Chun | – | 3,184 | 17 | 3,201 |
| Mr. Lee Chong Man Jason | – | 1,510 | 17 | 1,527 |
| Mr. Au-Yeung Tai Hong Rorce | – | 700 | 9 | 709 |
| Mr. Lo Siu Yuen | – | 1,130 | 17 | 1,147 |
| Ms. Chan Mei Wan | – | 1,390 | 17 | 1,407 |
| | – | 7,914 | 77 | 7,991 |
| Year ended December 31, 2015 | | | | |
| Mr. Lam Yee Chun | – | 3,708 | 18 | 3,726 |
| Mr. Lee Chong Man Jason | – | 1,878 | 18 | 1,896 |
| Mr. Au-Yeung Tai Hong Rorce | – | 1,868 | 18 | 1,886 |
| Mr. Lo Siu Yuen | – | 1,380 | 18 | 1,398 |
| Ms. Chan Mei Wan | – | 1,616 | 18 | 1,634 |
| | – | 10,450 | 90 | 10,540 |
| Five months ended May 31, 2015 (unaudited) | | | | |
| Mr. Lam Yee Chun | – | 1,869 | 8 | 1,877 |
| Mr. Lee Chong Man Jason | – | 905 | 8 | 913 |
| Mr. Au-Yeung Tai Hong Rorce | – | 895 | 8 | 903 |
| Mr. Lo Siu Yuen | – | 680 | 8 | 688 |
| Ms. Chan Mei Wan | – | 790 | 8 | 798 |
| | – | 5,139 | 40 | 5,179 |
| Five months ended May 31, 2016 | | | | |
| Mr. Lam Yee Chun | – | 1,860 | 8 | 1,868 |
| Mr. Lee Chong Man Jason | – | 834 | 8 | 842 |
| Mr. Au-Yeung Tai Hong Rorce | – | 973 | 8 | 981 |
| Mr. Lo Siu Yuen | – | 725 | 8 | 733 |
| Ms. Chan Mei Wan | – | 708 | 8 | 716 |
| | – | 5,100 | 40 | 5,140 |

During the Relevant Periods and the five months ended May 31, 2015, no remuneration was paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

There was no arrangement under which a director or a chief executive waived or agreed to waive any remuneration during the Relevant Periods and the five months ended May 31, 2015.

## 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2015 and 2016 included 4, 4, 4, 4 (unaudited) and 3 directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the Relevant Periods and the five months ended May 31, 2015 of the remaining highest paid employees who are neither a director nor chief executive of the Company are as follows:

| | Years ended December 31, | | | Five months ended May 31, | |
|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2015 | 2016 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 (unaudited) | HK$'000 |
| Salaries, bonuses, allowances and benefits in kind | 809 | 832 | 1,403 | 863 | 1,782 |
| Pension scheme contributions (defined contribution scheme) | 15 | 17 | 18 | 8 | 15 |
| | 824 | 849 | 1,421 | 871 | 1,797 |

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

| | Number of employees | | | | |
|---|---|---|---|---|---|
| | Years ended December 31, | | | Five months ended May 31, | |
| | 2013 | 2014 | 2015 | 2015 | 2016 |
| | | | | (unaudited) | |
| Nil to HK$1,000,000 | 1 | 1 | – | 1 | 2 |
| HK$1,000,001 to HK$1,500,000 | – | – | 1 | – | – |
| | 1 | 1 | 1 | 1 | 2 |

## 10. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the Relevant Periods and the five months ended May 31, 2015. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

| | Years ended December 31, | | | Five months ended May 31, | |
|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2015 | 2016 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 (unaudited) | HK$'000 |
| Current – Hong Kong | | | | | |
| Charge for the year/period | 1,244 | 13,606 | 3,522 | 2,858 | 2,610 |
| Overprovision in prior years | (44) | (2,906) | – | – | (3) |
| Current – Elsewhere | | | | | |
| Charge for the year/period | 4,585 | 10,844 | 22,028 | 5,681 | 6,395 |
| Underprovision in prior years | – | 36 | – | – | 29 |
| Deferred (note 26) | 109 | (1,330) | (2,358) | (2,828) | 354 |
| Total tax charge for the year/period | 5,894 | 20,250 | 23,192 | 5,711 | 9,385 |

A reconciliation of the tax expense applicable to profit before tax at the Hong Kong statutory tax rate to the tax charge at the Group's effective tax rate is as follows:

| | Years ended December 31, | | | Five months ended May 31, | |
|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2015 | 2016 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 (unaudited) | HK$'000 |
| Profit before tax | 15,575 | 140,996 | 164,415 | 35,218 | 37,448 |
| Tax at the Hong Kong statutory tax rate of 16.5% | 2,570 | 23,264 | 27,128 | 5,811 | 6,179 |
| Different tax rates enacted by specific countries/ jurisdictions | (349) | (370) | (1,243) | (117) | (151) |
| Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiary | 1,291 | 1,561 | – | – | – |
| Withholding taxes | 1,319 | 3,644 | 5,399 | 1,878 | 2,553 |
| Adjustments in respect of current tax of previous periods | (44) | (2,870) | – | – | 26 |
| Income derived from the IBO segment which was claimed offshore and not subject to tax under Hong Kong jurisdiction | (6,639) | (24,137) | (36,162) | (13,468) | (17,615) |
| Other income not subject to tax | (17) | (84) | (1,641) | – | (566) |
| Expenses not deductible for tax | 8,979 | 19,357 | 29,596 | 11,559 | 19,328 |
| Tax losses not recognised | – | 71 | 116 | 55 | 38 |
| Others | (1,216) | (186) | (1) | (7) | (407) |
| Tax charge at the Group's effective tax rate | 5,894 | 20,250 | 23,192 | 5,711 | 9,385 |

## 11. DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation.

The dividends declared by subsidiaries of the Company to the then shareholders during the Relevant Periods and the five months ended May 31, 2015 are as follows:

| | Years ended December 31, | | | Five months ended May 31, | |
|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2015 | 2016 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 (unaudited) | HK$'000 |
| Crest Pacific Investments Limited: | | | | | |
| Interim | 2,500 | – | 139,500 | 139,500 | 50,002 |
| VPower Engineering (China) Limited: | | | | | |
| Interim | 2,940 | – | – | – | – |
| | 5,440 | – | 139,500 | 139,500 | 50,002 |

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

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the results of the Group for the Relevant Periods and the five months ended May 31, 2015 as disclosed in note 2.1 to the Financial Information.

## 13. PROPERTY, PLANT AND EQUIPMENT

| | Land and building | Leasehold improvements | Mobilisation and installation | Machinery and equipment | Furniture, fixtures and office equipment | Motor vehicles | Construction in progress | Total |
|---|---|---|---|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **December 31, 2013** | | | | | | | | |
| At January 1, 2013: | | | | | | | | |
| Cost or valuation | 19,340 | 171 | 4,055 | 40,727 | 5,711 | 6,552 | 18,406 | 94,962 |
| Accumulated depreciation | – | (146) | (51) | (4,373) | (4,890) | (5,197) | – | (14,657) |
| Net carrying amount | 19,340 | 25 | 4,004 | 36,354 | 821 | 1,355 | 18,406 | 80,305 |
| At January 1, 2013, net of accumulated depreciation | 19,340 | 25 | 4,004 | 36,354 | 821 | 1,355 | 18,406 | 80,305 |
| Additions | – | 1,000 | 3,470 | 15,410 | 624 | 1,633 | 16,807 | 38,944 |
| Transfer from inventories | – | – | – | 1,637 | – | – | 8,394 | 10,031 |
| Disposals | – | – | – | – | (2) | (16) | – | (18) |
| Depreciation provided during the year | (327) | (358) | (2,445) | (3,793) | (478) | (789) | – | (8,190) |
| Surplus on valuation | 387 | – | – | – | – | – | – | 387 |
| Transfer to investment property | (19,400) | – | – | – | – | – | – | (19,400) |
| Transfers | – | – | – | 18,406 | – | – | (18,406) | – |
| Exchange realignment | – | – | – | 23 | 17 | 23 | – | 63 |
| At December 31, 2013, net of accumulated depreciation | – | 667 | 5,029 | 68,037 | 982 | 2,206 | 25,201 | 102,122 |
| At December 31, 2013: | | | | | | | | |
| Cost | – | 1,176 | 7,525 | 76,316 | 6,400 | 7,324 | 25,201 | 123,942 |
| Accumulated depreciation | – | (509) | (2,496) | (8,279) | (5,418) | (5,118) | – | (21,820) |
| Net carrying amount | – | 667 | 5,029 | 68,037 | 982 | 2,206 | 25,201 | 102,122 |

| | Leasehold improvements | Mobilisation and installation | Machinery and equipment | Furniture, fixtures and office equipment | Motor vehicles | Construction in progress | Total |
|---|---|---|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **December 31, 2014** | | | | | | | |
| At December 31, 2013 and at January 1, 2014: | | | | | | | |
| Cost | 1,176 | 7,525 | 76,316 | 6,400 | 7,324 | 25,201 | 123,942 |
| Accumulated depreciation | (509) | (2,496) | (8,279) | (5,418) | (5,118) | – | (21,820) |
| Net carrying amount | 667 | 5,029 | 68,037 | 982 | 2,206 | 25,201 | 102,122 |
| At January 1, 2014, net of accumulated depreciation | 667 | 5,029 | 68,037 | 982 | 2,206 | 25,201 | 102,122 |
| Additions | 183 | 18,675 | 511,505 | 466 | 970 | 3,413 | 535,212 |
| Depreciation provided during the year | (389) | (5,419) | (19,962) | (429) | (867) | – | (27,066) |
| Write-off | – | – | (3,739) | – | – | – | (3,739) |
| Transfers | – | 3,563 | 21,638 | – | – | (25,201) | – |
| Exchange realignment | – | – | (18) | (14) | (35) | – | (67) |
| At December 31, 2014, net of accumulated depreciation | 461 | 21,848 | 577,461 | 1,005 | 2,274 | 3,413 | 606,462 |
| At December 31, 2014: | | | | | | | |
| Cost | 1,356 | 29,762 | 605,603 | 6,796 | 7,773 | 3,413 | 654,703 |
| Accumulated depreciation | (895) | (7,914) | (28,142) | (5,791) | (5,499) | – | (48,241) |
| Net carrying amount | 461 | 21,848 | 577,461 | 1,005 | 2,274 | 3,413 | 606,462 |

| | Leasehold improvements | Mobilisation and installation | Machinery and equipment | Furniture, fixtures and office equipment | Motor vehicles | Construction in progress | Total |
|---|---|---|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **December 31, 2015** | | | | | | | |
| At December 31, 2014 and at January 1, 2015: | | | | | | | |
| Cost | 1,356 | 29,762 | 605,603 | 6,796 | 7,773 | 3,413 | 654,703 |
| Accumulated depreciation | (895) | (7,914) | (28,142) | (5,791) | (5,499) | – | (48,241) |
| Net carrying amount | 461 | 21,848 | 577,461 | 1,005 | 2,274 | 3,413 | 606,462 |
| At January 1, 2015, net of accumulated depreciation | 461 | 21,848 | 577,461 | 1,005 | 2,274 | 3,413 | 606,462 |
| Additions | 2,703 | 14,720 | 394,068 | 2,248 | – | 6,539 | 420,278 |
| Depreciation provided during the year | (1,112) | (13,149) | (55,905) | (736) | (541) | – | (71,443) |
| Disposals | – | (656) | (43,531) | – | – | – | (44,187) |
| Transfers | – | 114 | 2,892 | – | – | (3,006) | – |
| Exchange realignment | (2) | – | (32) | (60) | (52) | – | (146) |
| At December 31, 2015, net of accumulated depreciation | 2,050 | 22,877 | 874,953 | 2,457 | 1,681 | 6,946 | 910,964 |
| At December 31, 2015: | | | | | | | |
| Cost | 4,049 | 40,053 | 954,249 | 8,854 | 7,654 | 6,946 | 1,021,805 |
| Accumulated depreciation | (1,999) | (17,176) | (79,296) | (6,397) | (5,973) | – | (110,841) |
| Net carrying amount | 2,050 | 22,877 | 874,953 | 2,457 | 1,681 | 6,946 | 910,964 |

| | Leasehold improvements | Mobilisation and installation | Machinery and equipment | Furniture, fixtures and office equipment | Motor vehicles | Construction in progress | Total |
|---|---|---|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| **May 31, 2016** | | | | | | | |
| At December 31, 2015 and at January 1, 2016: | | | | | | | |
| Cost | 4,049 | 40,053 | 954,249 | 8,854 | 7,654 | 6,946 | 1,021,805 |
| Accumulated depreciation | (1,999) | (17,176) | (79,296) | (6,397) | (5,973) | – | (110,841) |
| Net carrying amount | 2,050 | 22,877 | 874,953 | 2,457 | 1,681 | 6,946 | 910,964 |
| At January 1, 2016, net of accumulated depreciation | 2,050 | 22,877 | 874,953 | 2,457 | 1,681 | 6,946 | 910,964 |
| Additions | – | 10,705 | 186,810 | 947 | – | 4,207 | 202,669 |
| Depreciation provided during the period | (396) | (6,350) | (27,192) | (382) | (222) | – | (34,542) |
| Transfers | – | 2,360 | – | 55 | – | (2,415) | – |
| Exchange realignment | – | – | (7) | (23) | (11) | – | (41) |
| At May 31, 2016, net of accumulated depreciation | 1,654 | 29,592 | 1,034,564 | 3,054 | 1,448 | 8,738 | 1,079,050 |
| At May 31, 2016: | | | | | | | |
| Cost | 4,046 | 53,118 | 1,141,001 | 9,790 | 7,626 | 8,738 | 1,224,319 |
| Accumulated depreciation | (2,392) | (23,526) | (106,437) | (6,736) | (6,178) | – | (145,269) |
| Net carrying amount | 1,654 | 29,592 | 1,034,564 | 3,054 | 1,448 | 8,738 | 1,079,050 |

The Group's land and building was revalued at August 1, 2013 by Vigers Appraisal and Consulting (International) Limited, an independent firm of professionally qualified valuers, at an open market value of HK$19,400,000 based on its existing use. A revaluation surplus of HK$387,000, resulting from the above valuation, has been credited to other comprehensive income during the year ended December 31, 2013.

As at December 31, 2014 and 2015, the net carrying amounts of the Group's motor vehicle held under finance lease were HK$400,000 and HK$300,000, respectively. As at December 31, 2015 and May 31, 2016, the net carrying amounts of the Group's furniture, fixtures and office equipment held under finance leases were HK$50,000 and HK$46,000, respectively.

As at December 31, 2014 and 2015 and May 31, 2016, certain of the Group's property, plant and equipment with a net carrying amount of HK$262,526,000, HK$682,126,000 and HK$663,161,000 were pledged to secure banking facilities and other borrowings granted to the Group, respectively (note 23).

**14. INVESTMENT PROPERTY**

| | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Carrying amount at January 1, | – | 19,500 | 19,900 | 19,600 |
| Transfer from owner-occupied property | 19,400 | – | – | – |
| Net gain/(loss) from a fair value adjustment | 100 | 400 | (300) | (1,100) |
| Carrying amount at end of year/period | 19,500 | 19,900 | 19,600 | 18,500 |

The Group's investment property is a commercial property in Hong Kong. The Group's investment property was revalued on December 31, 2013, 2014 and 2015 and May 31, 2016 based on valuations performed by Vigers Appraisal and Consulting (International) Limited, an independent firm of professionally qualified valuers, at HK$19,500,000, HK$19,900,000, HK$19,600,000 and HK$18,500,000, respectively. Each year, the Company's management decides to appoint which external valuer to be responsible for the external valuation of the Group's property. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Company's management has discussions with the valuer on the valuation assumptions and valuation results once a year when the valuation is performed for annual financial reporting.

The investment property is leased to a third party under an operating lease, further summary details of which are included in note 32(a) to the Financial Information.

As at December 31, 2013, 2014 and 2015, the Group's investment property with a carrying value of HK$19,500,000, HK$19,900,000 and HK$19,600,000 was pledged to secure general banking facilities granted to the Group, respectively (note 23).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment property:

| | Fair value measurement as at December 31, 2013 using | | | |
|---|---|---|---|---|
| | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Recurring fair value measurement for commercial property | – | – | 19,500 | 19,500 |

| | Fair value measurement as at December 31, 2014 using | | | |
|---|---|---|---|---|
| | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Recurring fair value measurement for commercial property | – | – | 19,900 | 19,900 |

| | Fair value measurement as at December 31, 2015 using | | | |
|---|---|---|---|---|
| | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Recurring fair value measurement for commercial property | – | – | 19,600 | 19,600 |

| | Fair value measurement as at May 31, 2016 using | | | |
|---|---|---|---|---|
| | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Recurring fair value measurement for commercial property | – | – | 18,500 | 18,500 |

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

| | Commercial property |
|---|---|
| | HK$'000 |
| Carrying amount at January 1, 2013 | – |
| Transfer from owner-occupied property | 19,400 |
| Net gain from a fair value adjustment | 100 |
| Carrying amount at December 31, 2013 and at January 1, 2014 | 19,500 |
| Net gain from a fair value adjustment | 400 |
| Carrying amount at December 31, 2014 and at January 1, 2015 | 19,900 |
| Net loss from a fair value adjustment | (300) |
| Carrying amount at December 31, 2015 and at January 1, 2016 | 19,600 |
| Net loss from a fair value adjustment | (1,100) |
| Carrying amount at May 31, 2016 | 18,500 |

Below is a summary of the valuation technique used and the key input to the valuation of investment property:

| | Valuation technique | Significant unobservable inputs | Range | | | |
|---|---|---|---|---|---|---|
| | | | December 31, 2013 | December 31, 2014 | December 31, 2015 | May 31, 2016 |
| Commercial property | Direct comparison method | Estimated price per sq. ft. | HK$10,877 to HK$11,370 | HK$10,897 to HK$12,784 | HK$10,351 to HK$12,993 | HK$9,262 to HK$12,993 |

A significant increase (decrease) in the estimated price per square foot in isolation would result in a significant increase (decrease) in the fair value of the investment property. The investment property is valued by the direct comparison method having regard to comparable sales transactions as available in the relevant market. The valuations take into account the characteristics of the property which included the location, size, floor level, year of completion and other factors collectively.

**15. TRADE RECEIVABLES**

| | As at December 31, | | | As at May 31, |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Trade receivables | 181,640 | 277,291 | 717,963 | 576,262 |
| Impairment | (1,608) | (2,642) | (3,028) | (2,998) |
| | 180,032 | 274,649 | 714,935 | 573,264 |
| Portion classified as current assets | (180,032) | (266,184) | (714,935) | (573,264) |
| Non-current portion | – | 8,465 | – | – |

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 365 days, except for a customer which was granted a credit period of up to 720 days during the Relevant Periods. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

During the year ended December 31, 2015, the Group extended the payment due dates of certain trade receivables due from a customer to December 26, 2016. The related trade receivables as at December 31, 2015 and May 31, 2016 amounted to HK$38,610,000 and HK$39,543,000, respectively.

An aged analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date and net of provisions, is as follows:

| | As at December 31, | | | As at May 31, |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Within 30 days | 137,054 | 49,321 | 483,136 | 112,875 |
| 31 to 60 days | 8,439 | 110,055 | 36,167 | 85,662 |
| 61 to 90 days | 9,880 | 20,293 | 32,183 | 126,895 |
| 91 to 180 days | 3,581 | 32,897 | 52,106 | 121,901 |
| 181 to 360 days | 9,315 | 50,309 | 58,363 | 61,767 |
| Over 360 days | 11,763 | 11,774 | 52,980 | 64,164 |
| | 180,032 | 274,649 | 714,935 | 573,264 |

The movements in provision for impairment of trade receivables are as follows:

| | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| At January 1, | 1,603 | 1,608 | 2,642 | 3,028 |
| Impairment losses recognised (note 7) | – | 1,233 | 1,217 | – |
| Amount written off as uncollectible | – | – | (243) | – |
| Impairment losses reversed (note 7) | – | (199) | (475) | – |
| Exchange realignment | 5 | – | (113) | (30) |
| At end of year/period | 1,608 | 2,642 | 3,028 | 2,998 |

At December 31, 2013, 2014 and 2015 and May 31, 2016, the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$1,608,000, HK$2,642,000, HK$3,028,000 and HK$2,998,000 with carrying amounts before provision of HK$1,608,000, HK$3,117,000, HK$3,028,000 and HK$2,998,000, respectively.

The individually impaired trade receivables relate to customers that were in financial difficulties and none or only a portion of the receivables is expected to be recovered.

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

| | As at December 31, | | | As at May 31, |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Neither past due nor impaired | 46,328 | 233,872 | 543,948 | 424,143 |
| 1 to 30 days past due | 111,279 | 11,653 | 49,858 | 23,683 |
| 31 to 90 days past due | 3,105 | 17,796 | 35,449 | 26,913 |
| Over 90 days past due | 19,320 | 10,853 | 85,680 | 98,525 |
| | 180,032 | 274,174 | 714,935 | 573,264 |

Trade receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in their credit quality and the balances are still considered fully recoverable.

As part of its normal business, the Group entered into a trade receivable factoring arrangement (the "Arrangement") and transferred certain trade receivables to a bank. Under the Arrangement, the Group may be required to reimburse the bank for loss of interest if any trade debtors have late payment up to 90 days. Subsequent to the transfer, the Group did not retain any rights on the use of the trade receivables, including the sale, transfer or pledge of the trade receivables to any other third parties. The original carrying values of the trade receivables transferred under the Arrangement that have not been settled as at December 31, 2013 and 2014 were HK$2,399,000 and HK$41,944,000, respectively. The carrying amounts of the assets that the Group continued to recognise as at December 31, 2013 and 2014 were HK$2,399,000 and HK$41,944,000, respectively, and that of the associated liabilities as at December 31, 2013 and 2014 were HK$1,919,000 and HK$33,555,000, respectively.

## 16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | As at December 31, | | | As at May 31, |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Prepayments | 3,053 | 2,918 | 5,054 | 15,504 |
| Deposits paid for purchases of property, plant and equipment | 68,483 | 104,908 | 56,355 | 56,140 |
| Deposits and other receivables | 25,603 | 58,295 | 26,451 | 13,536 |
| | 97,139 | 166,121 | 87,860 | 85,180 |
| Current portion included in prepayments, deposits and other receivables | (22,963) | (56,647) | (30,798) | (29,015) |
| Non-current portion | 74,176 | 109,474 | 57,062 | 56,165 |

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to deposits and receivables for which there was no recent history of default.

Included in deposits and other receivables as at December 31, 2013 and 2014 is an amount due from Mr. Chan Yat Chor, who is a brother of Ms. Chan Mei Wan and a brother-in-law of Mr. Lam Yee Chun, of HK$983,000 and HK$1,249,000, respectively, which was unsecured, interest-free and had no fixed terms of repayment.

## 17. INVENTORIES

| | As at December 31, | | | As at May 31, |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Raw materials | 38,196 | 68,903 | 122,207 | 179,578 |
| Work in progress | 5,845 | 18,821 | 6,355 | 16,083 |
| Finished goods | 177,770 | 210,350 | 434,454 | 439,984 |
| | 221,811 | 298,074 | 563,016 | 635,645 |

## 18. BALANCES WITH RELATED COMPANIES, A DIRECTOR AND SHAREHOLDERS

The balances with related companies, a director and shareholders are non-trade related, unsecured and have no fixed terms of repayment. Except for the loan from a shareholder as at December 31, 2014 of HK$101,706,000 which bore interest at 0.3% per annum, the remaining balances are interest-free.

Particulars of the amounts due from related companies, a director and a shareholder are as follows:

December 31, 2013

| | At December 31, 2013 | Maximum amount outstanding during the year | At January 1, 2013 |
|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 |
| Due from related companies | | | |
| Orient Profit Investment Limited* | 96 | 96 | 96 |
| VPower Group Limited* | 140 | 140 | 105 |
| | 236 | | 201 |
| Due from a director | | | |
| Mr. Lam Yee Chun | 2,659 | 3,970 | – |

December 31, 2014

| | At December 31, 2014 | Maximum amount outstanding during the year | At January 1, 2014 |
|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 |
| Due from related companies | | | |
| Orient Profit Investment Limited* | 96 | 96 | 96 |
| VPower (BGD) Limited^ | 20 | 20 | – |
| VPower Eco Energy Pte. Limited* | 12 | 12 | – |
| VPower Group Limited* | 127 | 140 | 140 |
| | 255 | | 236 |
| Due from a director | | | |
| Mr. Lam Yee Chun | 4,009 | 4,009 | 2,659 |
| Due from a shareholder | | | |
| Mr. Lee Chong Man Jason | 700 | 700 | – |

December 31, 2015

| | At December 31, 2015 | Maximum amount outstanding during the year | At January 1, 2015 |
|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 |
| Due from related companies | | | |
| Orient Profit Investment Limited* | 96 | 96 | 96 |
| VPower (BGD) Limited^ | – | 20 | 20 |
| VPower Eco Energy Holdings Pte. Limited* | 35 | 35 | – |
| VPower Eco Energy Pte. Limited* | 35 | 35 | 12 |
| VPower Group Limited* | 185 | 185 | 127 |
| VPower Technology Company Limited* | 28,967 | 28,967 | – |
| | 29,318 | | 255 |
| Due from a director | | | |
| Mr. Lam Yee Chun | – | 4,009 | 4,009 |
| Due from a shareholder | | | |
| Mr. Lee Chong Man Jason | – | 700 | 700 |

May 31, 2016

| | At May 31, 2016 | Maximum amount outstanding during the period | At January 1, 2016 |
|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 |
| Due from related companies | | | |
| Orient Profit Investment Limited* | 96 | 96 | 96 |
| VPower Eco Energy Holdings Pte. Limited* | – | 35 | 35 |
| VPower Eco Energy Pte. Limited* | – | 35 | 35 |
| VPower Group Limited* | 185 | 185 | 185 |
| VPower Technology Company Limited* | 35,376 | 35,376 | 28,967 |
| | 35,657 | | 29,318 |

An analysis of the amounts due to related companies, a director and a shareholder is as follows:

Group

| | As at December 31, | | | As at |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | May 31, 2016 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Due to related companies | | | | |
| VPower Eco Energy Holdings Pte. Limited* | – | 38 | – | – |
| VPower Technology Chad Limited* | – | 12,984 | – | – |
| Waton Holdings Limited ("Waton")# | 758 | – | – | – |
| | 758 | 13,022 | – | – |
| Due to a director | | | | |
| Mr. Lam Yee Chun | – | – | 6,138 | 12,102 |
| Due to a shareholder | | | | |
| Ms. Tang Wenjing | – | 42,879 | – | – |

Company

| | As at May 31, 2016 |
|---|---|
| | HK$'000 |
| Due to a related company | |
| Crest Pacific Investments Limited* | 24 |

* These related companies are controlled by either one of the Controlling Shareholders.

^ This related company is controlled by a member of the key management personnel of the Group.

\# Waton was 28%-owned by Mr. Lam Yee Chun, a director and a controlling shareholder of the Company, as at December 31, 2013. Upon disposal of shares of Waton by Mr. Lam Yee Chun on July 23, 2014, Mr. Lam Yee Chun no longer had significant influence over Waton and Waton ceased to be a related company of the Group.

## 19. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

| | | As at December 31, | | | As at |
|---|---|---|---|---|---|
| | | 2013 | 2014 | 2015 | May 31, 2016 |
| | *Note* | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Cash and bank balances | | 47,750 | 216,201 | 317,925 | 339,709 |
| Time deposit | | – | – | 100,266 | 100,349 |
| | | 47,750 | 216,201 | 418,191 | 440,058 |
| Less: Pledged deposits for banking facilities and bank borrowings | *23* | (20,312) | (122,958) | (131,317) | (156,520) |
| Cash and cash equivalents | | 27,438 | 93,243 | 286,874 | 283,538 |

The Group's cash and cash equivalents are denominated in the following currencies:

| | As at December 31, | | | As at |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | May 31, 2016 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Hong Kong dollars | 643 | 970 | 54,210 | 49,497 |
| Euro | 16 | 52,287 | 845 | 4,170 |
| Renminbi ("RMB") | 7,062 | 13,672 | 18,539 | 45,323 |
| United States dollars | 19,707 | 26,234 | 213,100 | 175,122 |
| Others | 10 | 80 | 180 | 9,426 |
| | 27,438 | 93,243 | 286,874 | 283,538 |

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

## 20. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

| | As at December 31, | | | As at May 31, |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Within 1 month | 128,984 | 50,615 | 239,342 | 119,469 |
| 1 to 2 months | 46,471 | 93,302 | 235,248 | 30,775 |
| 2 to 3 months | 9,634 | 51,158 | 59,357 | 112,912 |
| Over 3 months | 14,958 | 84,486 | 205,989 | 434,405 |
| | 200,047 | 279,561 | 739,936 | 697,561 |

The trade payables are non-interest-bearing and are normally settled on terms ranging from 30 to 180 days.

## 21. OTHER PAYABLES AND ACCRUALS

| | As at December 31, | | | As at May 31, |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Due to EPC Contractors | – | 177,545 | 408,337 | 549,260 |
| Due to Waton | – | 118,945 | – | – |
| Sundry payables | 17,257 | 37,775 | 18,222 | 21,554 |
| Accruals | 12,599 | 16,454 | 30,199 | 30,129 |
| Receipts in advance | 24,946 | 17,819 | 20,592 | 21,852 |
| Deferred income | – | 4,967 | 11,314 | 6,013 |
| | 54,802 | 373,505 | 488,664 | 628,808 |
| Current portion included in other payables and accruals | (54,654) | (253,739) | (281,547) | (333,831) |
| Non-current portion | 148 | 119,766 | 207,117 | 294,977 |

The amounts due to EPC Contractors and Waton and sundry payables are unsecured and non-interest-bearing.

The amounts due to EPC Contractors with carrying amounts as at December 31, 2014 and 2015 and May 31, 2016 of HK$112,944,000, HK$380,595,000 and HK$549,260,000, respectively, were repayable by instalments up to May 2019. The remaining balances were repayable on demand.

The amount due to Waton as at December 31, 2014 had no fixed terms of repayment.

Sundry payables have an average term of 30 days.

## 22. DERIVATIVE FINANCIAL INSTRUMENT

| | Liabilities | | | |
|---|---|---|---|---|
| | As at December 31, | | | As at May 31, |
| | 2013 | 2014 | 2015 | 2016 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Forward currency contract | – | 8,160 | 114 | – |

The Group has entered into various forward currency contracts to manage its exchange rate exposures. These forward currency contracts are not designated for hedge purposes and are measured at fair value through profit or loss. Changes in the fair value of non-hedging currency derivatives amounting to HK$8,160,000, HK$8,046,000 and HK$114,000 were charged, credited and credited to the combined statements of profit or loss during the years ended December 31, 2014 and 2015 and the five months ended May 31, 2016, respectively.

## 23. INTEREST-BEARING BANK AND OTHER BORROWINGS

| | December 31, 2013 | | | December 31, 2014 | | | December 31, 2015 | | | May 31, 2016 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Effective interest rate (%) | Maturity | HK$'000 | Effective interest rate (%) | Maturity | HK$'000 | Effective interest rate (%) | Maturity | HK$'000 | Effective interest rate (%) | Maturity | HK$'000 |
| **Current** | | | | | | | | | | | | |
| Finance lease payables (note 24) | – | – | – | 4.42 | 2015 | 100 | 4.42-10.07 | 2016 | 36 | 10.07 | 2016-2017 | 11 |
| Bank overdrafts – secured | 5.25 | 2014 | 21,026 | 5.25 | 2015 | 9,866 | – | – | – | – | – | – |
| Portions of bank loans due for repayment within one year or on demand – secured | 0.16-6.60 | 2014 | 214,135 | 0.17-6.60 | 2015 | 345,465 | 1.02-6.29 | 2016 | 504,961 | 1.03-6.29 | 2016-2017 | 567,801 |
| Portions of bank loans due for repayment within one year or on demand – unsecured | 3.50-7.20 | 2014 | 41,193 | 3.50-8.70 | 2015 | 40,117 | 3.50 | 2016 | 2,397 | 3.50 | 2016-2017 | 2,431 |
| Portions of bank loans due for repayment after one year which contain repayment on demand clause (note) – secured | 1.18-1.39 | 2015-2030 | 16,567 | 1.03-1.38 | 2016-2030 | 14,905 | 1.02-2.22 | 2017-2030 | 43,240 | 1.03-2.21 | 2017-2030 | 35,886 |
| Portions of bank loans due for repayment after one year which contain repayment on demand clause (note) – unsecured | 3.50-3.75 | 2015-2018 | 9,857 | 3.50 | 2016-2018 | 7,451 | 3.50 | 2017-2018 | 5,054 | 3.50 | 2017-2018 | 4,030 |
| | | | 302,778 | | | 417,904 | | | 555,688 | | | 610,159 |
| **Non-current** | | | | | | | | | | | | |
| Finance lease payables (note 24) | – | – | – | 4.42 | 2016 | 25 | 4.42-10.07 | 2017-2020 | 49 | 10.07 | 2017-2020 | 44 |
| Portions of bank loans due for repayment after one year – secured | – | – | – | 5.16 | 2016-2017 | 117,255 | 5.32-6.29 | 2017-2019 | 146,634 | 5.44-6.29 | 2017-2019 | 115,802 |
| Other borrowings – secured | – | – | – | – | – | – | 5.20 | 2018 | 263,500 | 5.20 | 2018 | 263,500 |
| | | | – | | | 117,280 | | | 410,183 | | | 379,346 |
| | | | 302,778 | | | 535,184 | | | 965,871 | | | 989,505 |

Note:

Certain term loans of the Group containing repayment on demand clauses as at December 31, 2013, 2014 and 2015 and May 31, 2016 with carrying amounts of HK$177,637,000, HK$174,431,000, HK$87,563,000 and HK$72,783,000, respectively, have been classified in total as current liabilities. Accordingly, portions of the bank loans due for repayment after one year as at December 31, 2013, 2014 and 2015 and May 31, 2016 with carrying amounts of HK$26,424,000, HK$22,356,000, HK$48,294,000 and HK$39,916,000, respectively, have been classified as current liabilities. For the purpose of the above analysis, the loans are included within current interest-bearing bank borrowings and analysed into bank loans repayable within one year or on demand.

Ignoring the effect of any repayment on demand clause and based on the maturity terms of these term loans, the Group's bank and other borrowings are repayable:

| | As at December 31, | | | As at May 31, |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Within one year | 276,354 | 395,548 | 507,394 | 570,243 |
| In the second year | 4,063 | 61,196 | 108,459 | 84,877 |
| In the third to fifth years, inclusive | 10,694 | 67,773 | 340,351 | 325,135 |
| Beyond five years | 11,667 | 10,667 | 9,667 | 9,250 |
| | 302,778 | 535,184 | 965,871 | 989,505 |

(a) Certain of the Group's bank and other borrowings are secured by:

(i) the pledge of certain of the Group's property, plant and equipment with a net carrying amount of HK$262,526,000, HK$682,126,000 and HK$663,161,000 as at December 31, 2014 and 2015 and May 31, 2016, respectively (note 13);

(ii) the pledge of the Group's investment property situated in Hong Kong, which had a carrying value of HK$19,500,000, HK$19,900,000 and HK$19,600,000 as at December 31, 2013, 2014 and 2015, respectively (note 14);

(iii) the pledge of certain of the Group's cash deposits amounting to HK$20,312,000, HK$122,958,000, HK$131,317,000 and HK$156,520,000 as at December 31, 2013, 2014 and 2015 and May 31, 2016, respectively (note 19);

(iv) the pledge of certain properties of Orient Profit Investment Limited and Kongmax Asia Pacific Limited, a company controlled by a member of the key management personnel of the Group;

(v) the pledge of certain trade receivables of a subsidiary of the Group;

(vi) fixed and floating charges over certain bank accounts of the Group;

(vii) an assignment of the rights in respect of certain contracts and insurance receivables under the relevant key equipment insurance policies of the Group;

(viii) the pledge of an insurance policy of Mr. Lam Yee Chun, a director and a controlling shareholder of the Company; and

(ix) the pledge of certain cash deposits of Yong Yu Holdings Limited, an independent third party, as at December 31, 2013.

(b) As at December 31, 2013, 2014 and 2015 and May 31, 2016, certain of the Group's bank borrowings are guaranteed by Mr. Lam Yee Chun up to an aggregate guarantee amount of HK$458,699,000, HK$459,336,000, HK$984,250,000 and HK$1,029,250,000, respectively.

(c) The Group's bank and other borrowings are denominated in the following currencies:

| | As at December 31, | | | As at May 31, |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Hong Kong dollars | 53,499 | 40,349 | 87,588 | 72,783 |
| Euro | 84,242 | 5,062 | 175,729 | 296,431 |
| RMB | 49,789 | 47,199 | 60 | 55 |
| United States dollars | 115,248 | 442,574 | 701,985 | 620,236 |
| Singapore dollars | – | – | 509 | – |
| | 302,778 | 535,184 | 965,871 | 989,505 |

## 24. FINANCE LEASE PAYABLES

The Group leases a motor vehicle and photocopiers for its business. These leases are classified as finance leases and have remaining lease terms ranging from one to five years.

At the end of each of the Relevant Periods, the total future minimum lease payments under finance leases and their present values were as follows:

| | Minimum lease payments | | | | Present value of minimum lease payments | | | |
|---|---|---|---|---|---|---|---|---|
| | As at December 31, | | | As at May 31, | As at December 31, | | | As at May 31, |
| | 2013 | 2014 | 2015 | 2016 | 2013 | 2014 | 2015 | 2016 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Amounts payable: | | | | | | | | |
| Within one year | – | 103 | 41 | 15 | – | 100 | 36 | 11 |
| In the second year | – | 26 | 15 | 15 | – | 25 | 12 | 12 |
| In the third year to fifth years, inclusive | – | – | 42 | 35 | – | – | 37 | 32 |
| Total minimum finance lease payments | – | 129 | 98 | 65 | – | 125 | 85 | 55 |
| Future finance charges | – | (4) | (13) | (10) | | | | |
| Total net finance lease payables | – | 125 | 85 | 55 | | | | |
| Portion classified as current liabilities (note 23) | – | (100) | (36) | (11) | | | | |
| Non-current portion (note 23) | – | 25 | 49 | 44 | | | | |

## 25. PROVISION FOR RESTORATION

| | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| At January 1, | 388 | 775 | 1,163 | 1,808 |
| Additional provision | 387 | 388 | 1,033 | 387 |
| Amounts utilised during the year/period | – | – | (388) | – |
| At end of year/period | 775 | 1,163 | 1,808 | 2,195 |
| Portion classified as current liabilities | – | (388) | (775) | (1,420) |
| Non-current portion | 775 | 775 | 1,033 | 775 |

The provision for restoration represents management's best estimate of the Group's liabilities of the costs of dismantling and removing the leasehold improvements and facilities and restoring the sites on which they are located.

## 26. DEFERRED TAX

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax liabilities

| | Depreciation allowances in excess of related depreciation | Revaluation of land and building | Withholding tax | Total |
|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| At January 1, 2013 | 331 | 2,673 | 4,925 | 7,929 |
| Deferred tax charged/(credited) to the combined statement of profit or loss during the year (note 10) | (48) | (97) | 460 | 315 |
| Deferred tax recognised in other comprehensive income during the year | – | (2,576) | – | (2,576) |
| At December 31, 2013 and at January 1, 2014 | 283 | – | 5,385 | 5,668 |
| Deferred tax charged/(credited) to the combined statement of profit or loss during the year (note 10) | 107 | – | (1,627) | (1,520) |
| At December 31, 2014 and at January 1, 2015 | 390 | – | 3,758 | 4,148 |
| Deferred tax credited to the combined statement of profit or loss during the year (note 10) | (265) | – | – | (265) |
| At December 31, 2015, at January 1, 2016 and at May 31, 2016 | 125 | – | 3,758 | 3,883 |

Deferred tax assets

| | Depreciation in excess of related depreciation allowances | Losses available for offsetting against future taxable profits | Total |
|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 |
| At January 1, 2013 | – | – | – |
| Deferred tax credited to the combined statement of profit or loss during the year (note 10) | – | 206 | 206 |
| At December 31, 2013 and at January 1, 2014 | – | 206 | 206 |
| Deferred tax credited/(charged) to the combined statement of profit or loss during the year (note 10) | 16 | (206) | (190) |
| At December 31, 2014 and at January 1, 2015 | 16 | – | 16 |
| Deferred tax credited to the combined statement of profit or loss during the year (note 10) | 2,036 | 57 | 2,093 |
| At December 31, 2015 and at January 1, 2016 | 2,052 | 57 | 2,109 |
| Deferred tax charged to the combined statement of profit or loss during the period (note 10) | (327) | (27) | (354) |
| At May 31, 2016 | 1,725 | 30 | 1,755 |

At December 31, 2014 and 2015 and May 31, 2016, the Group had tax losses arising in Hong Kong of HK$431,000, HK$1,134,000 and HK$1,370,000, respectively, subject to the agreement by the Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against the future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses due to unpredictability of future taxable profit streams.

Pursuant to the PRC Corporate Income tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from January 1, 2008 and applies to earnings after December 31, 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by the subsidiary established in Mainland China in respect of earnings generated from January 1, 2008.

At December 31, 2015 and May 31, 2016, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings generated from January 1, 2015 of the Group's subsidiary established in Mainland China. In the opinion of the directors, it is not probable that this subsidiary will distribute such earnings in the foreseeable future. The amount of temporary difference associated with investment in a subsidiary in Mainland China for which deferred tax liabilities have not been recognised was approximately HK$35,669,000 and HK$46,780,000 at December 31, 2015 and May 31, 2016, respectively.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

## 27. SHARE CAPITAL

The Company is an exempted company with limited liability incorporated in the Cayman Islands on February 22, 2016. The authorised share capital of the Company was HK$380,000 divided into 3,800,000 ordinary shares of HK$0.1 each and 1 ordinary share of HK$0.1 was issued at par for cash.

## 28. SHARE-BASED PAYMENT TRANSACTION

On September 30, 2013, Mr. Lam Yee Chun, a director and a controlling shareholder of the Company, disposed of 120,000 shares of Crest Pacific Investments Limited (the "Awarded Shares") to a consultant, Mr. Au-Yeung Tai Hong Rorce, at par value in exchange for services rendered by the consultant to the Group. Mr. Au-Yeung Tai Hong Rorce subsequently joined the Group in June 2014.

The fair value of the Awarded Shares as at September 30, 2013 was estimated at HK$9,600,000 using the market approach with reference to comparable third party transactions in the shares of Crest Pacific Investments Limited near the measurement date, where appropriate. The equity-settled share-based payment expense of HK$9,600,000 was charged to the combined statement of profit or loss during the year ended December 31, 2013.

## 29. RESERVES

The amounts of the Group's reserves and the movements therein for each of the Relevant Periods are presented in the combined statements of changes in equity on pages I-6 to I-7 of this report.

(a) Merger reserve

The merger reserve represents the nominal value of the paid-up capital of the subsidiaries acquired by the Company pursuant to the Reorganisation set out in note 2.1 to the Financial Information. The movements in merger reserve represented the cash consideration paid by the Company to the Controlling Shareholders for the Reorganisation and the cash consideration received from the shareholders of a subsidiary of the Group.

(b) Capital reserve

Capital reserve represents the deemed capital contribution from Mr. Lam Yee Chun, a director and a controlling shareholder of the Company, in respect of (i) the disposal of 276,000 shares of Crest Pacific Investments Limited to certain employees and consultants at par value in exchange for services rendered by the employees and consultants to the Group; and (ii) the transfer of 10% equity interest in Crest Pacific Investments Limited in exchange for the Group's acquisition of the remaining 20% equity interest in VPower Technology Limited from the non-controlling shareholder.

(c) Statutory reserve funds

Pursuant to the relevant laws and regulations in Mainland China, a portion of the profits of the Company's subsidiary in Mainland China has been transferred to the statutory reserve funds which are restricted to use.

(d) Exchange fluctuation reserve

Exchange fluctuation reserve comprises all foreign currency exchange differences arising from the translation of the financial statements of foreign operations.

## 30. ACQUISITION OF NON-CONTROLLING INTEREST

On January 31, 2013, the Group acquired an additional 20% equity interest in VPower Technology Limited, thereby increasing its ownership interest therein to 100%, at a consideration of the 10% equity interest in Crest Pacific Investments Limited held by Mr. Lam Yee Chun.

## 31. NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS

*Major non-cash transactions*

(a) During the years ended December 31, 2014 and 2015, the Group entered into finance lease arrangements in respect of property, plant and equipment with a total capital value at the inception of the leases of HK$200,000 and HK$65,000, respectively.

(b) The Group entered into lease agreements in respect of its office premises and power generation assets under operating leases. Pursuant to the terms and conditions of the lease agreements, the Group is required to restore the office premises and the power generation sites to the conditions as stipulated in the lease agreements. During the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2015 and 2016, the Group has accrued and capitalised the estimated restoration cost of HK$387,000, HK$388,000, HK$1,033,000, HK$1,033,000 (unaudited) and HK$387,000, respectively, when such obligation has arisen.

(c) During the year ended December 31, 2015, the Group disposed of items of property, plant and equipment to VPower Technology Company Limited for a consideration of HK$44,364,000, which was not yet settled as at December 31, 2015 and May 31, 2016.

## 32. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment property and power generation assets under operating lease arrangements.

The lease of the investment property is negotiated for a term of two years. The terms of the lease also require the tenant to pay security deposit. At the end of each of the Relevant Periods, the Group had total future minimum lease receivables under a non-cancellable operating lease with its tenant falling due as follows:

| | As at December 31, | | | As at May 31, |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Within one year | 888 | 592 | 840 | 840 |
| In the second to fifth years, inclusive | 592 | – | 560 | 210 |
| | 1,480 | 592 | 1,400 | 1,050 |

The leases of power generation assets are negotiated for terms ranging from one to five years. Pursuant to the terms and conditions as stipulated in the lease agreements of power generation assets, the revenue is based on the actual capacity made available to the lessee. Accordingly, the Group did not have any future minimum lease receivables under non-cancellable operating leases at the end of each of the Relevant Periods. As the future capacity of the leases could not be accurately determined as at the end of each of the Relevant Periods, the relevant contingent rentals have not been disclosed.

(b) As lessee

The Group leases its office premises, factory premises, staff quarters and warehouse under operating lease arrangements. The leases are negotiated for terms ranging from one to ten years.

At the end of each of the Relevant Periods, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

| | As at December 31, | | | As at May 31, |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Within one year | 3,677 | 3,979 | 5,459 | 4,691 |
| In the second to fifth years, inclusive | 926 | 2,782 | 1,888 | 1,400 |
| | 4,603 | 6,761 | 7,347 | 6,091 |

## 33. COMMITMENTS

In addition to the operating lease commitments detailed in note 32(b) above, the Group had the following capital commitments at the end of each of the Relevant Periods:

| | As at December 31, | | | As at May 31, |
|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2016 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Contracted, but not provided for: | | | | |
| Power generation assets | 625,372 | 699,917 | 1,477,601 | 1,271,792 |
| Motor vehicle | 330 | – | – | – |
| Authorised, but not contracted for: | | | | |
| Power generation assets | – | 360,945 | – | – |

## 34. RELATED PARTY TRANSACTIONS

(a) In addition to the balances and transactions detailed elsewhere in the Financial Information, the Group had the following material transactions with related parties during the Relevant Periods and the five months ended May 31, 2015:

| | Years ended December 31, | | | Five months ended May 31, | |
|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2015 | 2016 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 (unaudited) | HK$'000 |
| Related companies: | | | | | |
| Rental expense paid to Orient Profit Investment Limited* | 672 | 672 | 888 | 328 | 400 |
| Management fee income from Waton# | 30 | – | – | – | – |
| Income from VPower Technology Chad Limited for use of property, plant and equipment* | – | 1,648 | 3,562 | 1,752 | – |
| Income from contract assignment/novation to VPower Technology Chad Limited*^ | – | – | 9,250 | 3,814 | 3,826 |
| Disposal of items of property, plant and equipment to VPower Technology Company Limited* | – | – | 44,364 | – | – |
| Interest expense paid to a shareholder | – | 141 | 277 | 125 | – |

* These related companies are controlled by either one of the Controlling Shareholders.

\# Waton was 28%-owned by Mr. Lam Yee Chun, a director and a controlling shareholder of the Company, as at December 31, 2013. Upon transfer of shares of Waton on July 23, 2014, Mr. Lam Yee Chun no longer had significant influence over Waton and Waton ceased to be a related company of the Group.

^ During the Relevant Periods, the Group assigned/novated a distributive power generation contract to VPower Technology Chad Limited for a contingent consideration of HK$0.066 per kWh of electricity generated by the Chad Operation since January 1, 2015.

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

(b) Commitments with a related company

On April 1, 2005, a subsidiary of the Group entered into a ten-year agreement ended on March 31, 2015 with Orient Profit Investment Limited to rent a residential property as director's quarters for Mr. Lam Yee Chun for a fixed annual rent of HK$672,000. The rental expense paid to Orient Profit Investment Limited is disclosed in note 34(a) above. On April 1, 2015, the ten-year agreement ended on March 31, 2015 was further renewed for three years for a fixed annual rent of HK$960,000 and will end on March 31, 2018.

(c) As at December 31, 2013, a performance guarantee in the amount of US$28,000,000 was issued by a bank in favour of an engineering, procurement and construction contractor of the Group, which was guaranteed by Mr. Lam Yee Chun up to an aggregate guarantee amount of US$28,000,000 and was released during the year ended December 31, 2014.

(d) Compensation of key management personnel of the Group

Remuneration for key management personnel of the Group, including directors' and chief executives' remuneration as disclosed in note 8 to the Financial Information, is as follows:

| | Years ended December 31, | | | Five months ended May 31, | |
|---|---|---|---|---|---|
| | 2013 | 2014 | 2015 | 2015 | 2016 |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 (unaudited) | HK$'000 |
| Short term employee benefits | 5,983 | 7,914 | 12,855 | 5,928 | 7,290 |
| Post-employment benefits | 60 | 77 | 133 | 52 | 60 |
| Total compensation paid to key management personnel | 6,043 | 7,991 | 12,988 | 5,980 | 7,350 |

**35. FINANCIAL INSTRUMENTS BY CATEGORY**

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Financial assets

December 31, 2013

| | Loans and receivables |
|---|---|
| | HK$'000 |
| Trade receivables | 180,032 |
| Financial assets included in prepayments, deposits and other receivables | 23,546 |
| Due from related companies | 236 |
| Due from a director | 2,659 |
| Pledged deposits | 20,312 |
| Cash and cash equivalents | 27,438 |
| | 254,223 |

December 31, 2014

| | Loans and receivables |
|---|---|
| | HK$'000 |
| Trade receivables | 274,649 |
| Financial assets included in prepayments, deposits and other receivables | 43,904 |
| Due from related companies | 255 |
| Due from a director | 4,009 |
| Due from a shareholder | 700 |
| Pledged deposits | 122,958 |
| Cash and cash equivalents | 93,243 |
| | 539,718 |

December 31, 2015

| | Loans and receivables |
|---|---|
| | HK$'000 |
| Trade receivables | 714,935 |
| Financial assets included in prepayments, deposits and other receivables | 14,858 |
| Due from related companies | 29,318 |
| Pledged deposits | 131,317 |
| Cash and cash equivalents | 286,874 |
| | 1,177,302 |

May 31, 2016

| | Loans and receivables |
|---|---|
| | HK$'000 |
| Trade receivables | 573,264 |
| Financial assets included in prepayments, deposits and other receivables | 10,010 |
| Due from related companies | 35,657 |
| Pledged deposits | 156,520 |
| Cash and cash equivalents | 283,538 |
| | 1,058,989 |

Financial liabilities

December 31, 2013

| | Financial liabilities at amortised cost |
|---|---|
| | HK$'000 |
| Trade and bills payables | 200,047 |
| Financial liabilities included in other payables and accruals | 25,775 |
| Dividend payable | 2,500 |
| Due to a related company | 758 |
| Interest-bearing bank borrowings | 302,778 |
| | 531,858 |

December 31, 2014

| | Financial liabilities at fair value through profit or loss - held for trading | Financial liabilities at amortised cost | Total |
|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 |
| Trade and bills payables | – | 279,561 | 279,561 |
| Financial liabilities included in other payables and accruals | – | 341,880 | 341,880 |
| Due to related companies | – | 13,022 | 13,022 |
| Due to a shareholder | – | 42,879 | 42,879 |
| Loan from a shareholder | – | 101,706 | 101,706 |
| Derivative financial instrument | 8,160 | – | 8,160 |
| Interest-bearing bank and other borrowings | – | 535,184 | 535,184 |
| | 8,160 | 1,314,232 | 1,322,392 |

December 31, 2015

| | Financial liabilities at fair value through profit or loss - held for trading | Financial liabilities at amortised cost | Total |
|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 |
| Trade and bills payables | – | 739,936 | 739,936 |
| Financial liabilities included in other payables and accruals | – | 443,432 | 443,432 |
| Due to a director | – | 6,138 | 6,138 |
| Derivative financial instrument | 114 | – | 114 |
| Interest-bearing bank and other borrowings | – | 965,871 | 965,871 |
| | 114 | 2,155,377 | 2,155,491 |

May 31, 2016

| | Financial liabilities at amortised cost |
|---|---|
| | HK$'000 |
| Trade and bills payables | 697,561 |
| Financial liabilities included in other payables and accruals | 594,670 |
| Dividend payable | 23,414 |
| Due to a director | 12,102 |
| Interest-bearing bank and other borrowings | 989,505 |
| | 2,317,252 |

## 36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and bills payables, dividend payable, balances with related companies, a director and shareholders, loan from a shareholder and the current portions of trade receivables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, and interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portions of trade receivables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. In the opinion of the directors, the fair values approximate to their carrying amounts.

The Group enters into derivative financial instruments with creditworthy banks with no recent history of default. Derivative financial instruments, including forward currency contracts, are measured using valuation techniques similar to forward pricing model, using present value calculations. The model incorporates various market observable inputs including the credit quality of the counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of forward currency contracts are the same as their fair values.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

*Liabilities measured at fair value:*

*As at December 31, 2014*

| | Fair value measurement using | | | |
|---|---|---|---|---|
| | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Derivative financial instrument | – | 8,160 | – | 8,160 |

*As at December 31, 2015*

| | Fair value measurement using | | | |
|---|---|---|---|---|
| | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| Derivative financial instrument | – | 114 | – | 114 |

The Group did not have any financial assets measured at fair value as at December 31, 2013, 2014 and 2015 and May 31, 2016 or any financial liabilities measured at fair value as at December 31, 2013 and May 31, 2016.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

**37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's principal financial instruments, other than derivatives, comprise cash and cash equivalents, loan from a shareholder and interest-bearing bank and other borrowings. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, financial assets included in prepayments, deposits and other receivables, pledged deposits, trade and bills payables, and financial liabilities included in other payables and accruals, which mainly arise directly from its operations.

The Group also enters into derivative transactions, including forward currency contracts. The purpose is to manage the currency risk arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees the policies for managing each of these risks and they are summarised below.

*Interest rate risk*

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with floating interest rates. The Group does not use derivative financial instruments to hedge against its interest rate risk. The Group mitigates this risk by closely monitoring the movements in interest rates and reviewing its available credit facilities and their utilisation regularly.

At the end of each of the Relevant Periods, if the interest rates on bank borrowings had been 25 basis points higher/lower, which was considered reasonably possible by management, with all other variables held constant, the profit before tax for the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2016 would have been decreased/increased by HK$757,000, HK$1,338,000, HK$1,756,000 and HK$1,815,000, respectively, as a result of higher/lower interest expenses on bank borrowings.

*Foreign currency risk*

The Group has transactional currency exposures. Such exposures mainly arise from sales or purchases by operating units in currencies other than the units' functional currency.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the Euro, RMB and Indonesian Rupiah ("IDR") exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

| | Increase/ (decrease) in exchange rate | Increase/ (decrease) in profit before tax |
|---|---|---|
| | % | HK$'000 |
| December 31, 2013 | | |
| If the Hong Kong dollar weakens against the Euro | 5 | (10,833) |
| If the Hong Kong dollar strengthens against the Euro | (5) | 10,833 |
| If the Hong Kong dollar weakens against the IDR | 5 | 414 |
| If the Hong Kong dollar strengthens against the IDR | (5) | (414) |
| December 31, 2014 | | |
| If the Hong Kong dollar weakens against the Euro | 5 | (4,964) |
| If the Hong Kong dollar strengthens against the Euro | (5) | 4,964 |
| If the Hong Kong dollar weakens against the RMB | 5 | 5,018 |
| If the Hong Kong dollar strengthens against the RMB | (5) | (5,018) |
| If the Hong Kong dollar weakens against the IDR | 5 | 1,248 |
| If the Hong Kong dollar strengthens against the IDR | (5) | (1,248) |
| December 31, 2015 | | |
| If the Hong Kong dollar weakens against the Euro | 5 | (22,864) |
| If the Hong Kong dollar strengthens against the Euro | (5) | 22,864 |
| If the Hong Kong dollar weakens against the IDR | 5 | 3,618 |
| If the Hong Kong dollar strengthens against the IDR | (5) | (3,618) |
| May 31, 2016 | | |
| If the Hong Kong dollar weakens against the Euro | 5 | (31,086) |
| If the Hong Kong dollar strengthens against the Euro | (5) | 31,086 |
| If the Hong Kong dollar weakens against the IDR | 5 | 5,365 |
| If the Hong Kong dollar strengthens against the IDR | (5) | (5,365) |

*Credit risk*

The Group mainly transacts with creditworthy third parties. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's financial assets, which comprise trade receivables, deposits and other receivables, amounts due from related companies, a director and a shareholder, pledged deposits and cash and cash equivalents, arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments.

At the end of each of the Relevant Periods, the Group had certain concentrations of credit risk as 59%, 30%, 40% and 29%, and 76%, 79%, 79% and 70% of the Group's trade receivables as at December 31, 2013, 2014 and 2015 and May 31, 2016 were due from the Group's largest debtor and the five largest debtors, respectively.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 15 to the Financial Information.

*Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group monitors its risk to a shortage of funds by considering the maturities of both its financial liabilities and financial assets.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings. The Group aims to maintain sufficient cash and cash equivalents to meet its liquidity requirements.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

| | December 31, 2013 | | |
|---|---|---|---|
| | No fixed terms of repayment/ on demand/ less than 1 year | 1 to 5 years | Total |
| | HK$'000 | HK$'000 | HK$'000 |
| Trade and bills payables | 200,047 | – | 200,047 |
| Financial liabilities included in other payables and accruals | 25,627 | 148 | 25,775 |
| Dividend payable | 2,500 | – | 2,500 |
| Due to a related company | 758 | – | 758 |
| Interest-bearing bank borrowings (note) | 302,778 | – | 302,778 |
| | 531,710 | 148 | 531,858 |

| | December 31, 2014 | | |
|---|---|---|---|
| | No fixed terms of repayment/ on demand/ less than 1 year | 1 to 5 years | Total |
| | HK$'000 | HK$'000 | HK$'000 |
| Trade and bills payables | 279,561 | – | 279,561 |
| Financial liabilities included in other payables and accruals | 222,152 | 126,550 | 348,702 |
| Due to related companies | 13,022 | – | 13,022 |
| Due to a shareholder | 42,879 | – | 42,879 |
| Loan from a shareholder | 101,706 | – | 101,706 |
| Derivative financial instrument | 8,160 | – | 8,160 |
| Interest-bearing bank and other borrowings (note) | 425,573 | 123,110 | 548,683 |
| | 1,093,053 | 249,660 | 1,342,713 |

| | December 31, 2015 | | |
|---|---|---|---|
| | No fixed terms of repayment/ on demand/ less than 1 year | 1 to 5 years | Total |
| | HK$'000 | HK$'000 | HK$'000 |
| Trade and bills payables | 739,936 | – | 739,936 |
| Financial liabilities included in other payables and accruals | 238,108 | 220,121 | 458,229 |
| Due to a director | 6,138 | – | 6,138 |
| Derivative financial instrument | 114 | – | 114 |
| Interest-bearing bank and other borrowings (note) | 579,669 | 448,877 | 1,028,546 |
| | 1,563,965 | 668,998 | 2,232,963 |

| | May 31, 2016 | | |
|---|---|---|---|
| | No fixed terms of repayment/ on demand/ less than 1 year | 1 to 5 years | Total |
| | HK$'000 | HK$'000 | HK$'000 |
| Trade and bills payables | 697,561 | – | 697,561 |
| Financial liabilities included in other payables and accruals | 302,700 | 315,486 | 618,186 |
| Dividend payable | 23,414 | – | 23,414 |
| Due to a director | 12,102 | – | 12,102 |
| Interest-bearing bank and other borrowings (note) | 633,613 | 414,244 | 1,047,857 |
| | 1,669,390 | 729,730 | 2,399,120 |

*Note:*

Included in the above interest-bearing bank borrowings of the Group as at December 31, 2013, 2014 and 2015 and May 31, 2016 are term loans with carrying amounts of HK$177,637,000, HK$174,431,000, HK$87,563,000 and HK$72,783,000, respectively. The loan agreements contain a repayment on demand clause giving the banks the unconditional right to call in the loans at any time and therefore, for the purpose of the above maturity profile, the total amount is classified as "on demand".

Notwithstanding the above clause, the directors do not believe that the loans will be called in their entirety within 12 months from the end of each of the Relevant Periods, and they consider that the loans will be repaid in accordance with the maturity dates as set out in the loan agreements. This evaluation was made considering: the financial position of the Group at the date of approval of the Financial Information; the lack of events of default; and the fact that the Group has made all previously scheduled repayments on time.

In accordance with the terms of the loans which contain a repayment on demand clause, the maturity profile of those loans as at the end of each of the Relevant Periods, based on the contractual undiscounted payments and ignoring the effect of any repayment on demand clause, is as follows:

| | Within 1 year or on demand | 1 to 5 years | Over 5 years | Total |
|---|---|---|---|---|
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| As at December 31, 2013 | 151,810 | 16,083 | 12,421 | 180,314 |
| As at December 31, 2014 | 155,031 | 12,625 | 11,260 | 178,916 |
| As at December 31, 2015 | 41,351 | 39,897 | 10,148 | 91,396 |
| As at May 31, 2016 | 33,988 | 31,606 | 9,696 | 75,290 |

*Capital management*

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to continue to provide returns for shareholders and benefits for other stakeholders.

The Group actively and regularly reviews and manages its capital structure and strives to maintain a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

Capital of the Group comprises all components of shareholders' equity.

## III. EVENT AFTER THE REPORTING PERIOD

On October 24, 2016, the Company adopted a pre-initial public offering share option scheme (the "Pre-IPO Share Option Scheme"), pursuant to which the Company conditionally granted share options to certain directors of the Company and certain employees and consultants of the Group. Further details of the Pre-IPO Share Option Scheme and the share options granted are set out in the section headed "Pre-IPO Share Option Scheme" in Appendix IV to the Prospectus.

## IV. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to May 31, 2016.

Yours faithfully,

**Ernst & Young**
*Certified Public Accountants*
Hong Kong

*The information sets out in this appendix does not form part of the Accountants' Report prepared by Ernst & Young, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set forth in Appendix I to this prospectus, and is included herein for illustrative purpose only.*

*The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.*

## A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The following is an illustrative statement of unaudited pro forma adjusted combined net tangible assets of the Group prepared in accordance with paragraph 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering on the combined net tangible assets of the Group attributable to owners of the Company as if the Global Offering had taken place on May 31, 2016. This unaudited pro forma statement of adjusted combined net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group had the Global Offering been completed as at May 31, 2016 or any future dates:

| | Combined net tangible assets attributable to owners of the Company as at May 31, 2016 | Estimated net proceeds from the Global Offering | Unaudited pro forma adjusted combined net tangible assets | Unaudited pro forma adjusted combined net tangible assets per Share |
|---|---|---|---|---|
| | HK$'000 *(Note 1)* | HK$'000 *(Note 2)* | HK$'000 | HK$ *(Note 3)* |
| Based on an Offer Price of HK$2.78 per Share . . | 515,923 | 1,482,290 | 1,998,213 | 0.78 |
| Based on an Offer Price of HK$3.47 per Share . . | 515,923 | 1,858,999 | 2,374,922 | 0.93 |

Notes:

(1) The combined net tangible assets attributable to owners of the Company as at May 31, 2016 is based on the audited combined equity attributable to owners of the Company as at May 31, 2016 of HK$515,923,000, extracted from the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$2.78 and HK$3.47 per Offer Share, being the minimum Offer Price and maximum Offer Price of the price offer range, after deduction of the underwriting fees and other listing related expenses (including listing related expenses of approximately HK$25,014,000 charged to profit or loss during the Relevant Periods) which would be amounting to approximately HK$1,457,276,000 based on the minimum Offer Price and approximately HK$1,833,985,000 based on the maximum Offer Price and without taking into account of any Shares which may be issued upon exercise of the Over-allotment Option or any option which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme.

(3) The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 2,560,000,000 Shares expected to be in issue immediately following the completion of the Global Offering without taking into account of any Shares which may be issued upon exercise of the Over-allotment Option or of any options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme.

(4) No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to May 31, 2016.

## B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

*The following is the text of a report received from Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus*



22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

November 14, 2016

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

To the directors of VPower Group International Holdings Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of VPower Group International Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma combined net tangible assets as at May 31, 2016 and related notes as set out on page II-1 of the prospectus dated November 14, 2016 issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in the notes thereto.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at May 31, 2016 as if the transaction had taken place at May 31, 2016. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the five months ended May 31, 2016 on which an accountants' report has been published.

**Directors' responsibility for the Pro Forma Financial Information**

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

**Our independence and quality control**

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

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting accountants' responsibilities**

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

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

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

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

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

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

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

**Opinion**

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

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

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

**Ernst & Young**
*Certified Public Accountants*
Hong Kong

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on February 22, 2016 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "Companies Law"). The Memorandum of Association (the "Memorandum") and the Articles of Association (the "Articles") comprise its constitution.

## 1. MEMORANDUM OF ASSOCIATION

**(a)** The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

**(b)** The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

## 2. ARTICLES OF ASSOCIATION

The Articles were adopted on October 24, 2016 subject to and conditional upon Listing. The following is a summary of certain provisions of the Articles:

### (a) Directors

(i) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise

dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) Financial assistance to purchase shares of the Company or its subsidiaries

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company. There is no provision in the Articles that prohibits the Company from giving financial assistance for the purchase shares of its subsidiaries.

(vi) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised

in such manner in all respects as it thinks fit, including the exercise thereof in favor of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realized by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates (as defined in the Articles) is materially interested, but this prohibition shall not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vii) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(viii) Retirement, appointment and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest

in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the members may by ordinary resolution appoint another in his place at the meeting at which such Director is removed. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated:

(aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the board;

(bb) if he becomes of unsound mind or dies;

(cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) if he is prohibited from being a director by law; or

(ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed

shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ix) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(x) Proceedings of the Board

The board may meet for the dispatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(xi) Register of Directors and Officers

The Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

**(b) Alterations to constitutional documents**

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

**(c) Alteration of capital**

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

(i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;

(ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

**(d) Variation of rights of existing shares or classes of shares**

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

**(e) Special resolution-majority required**

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles (see paragraph 2(i) below for further details).

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

**(f) Voting rights**

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognized clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

**(g) Requirements for annual general meetings**

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

**(h) Accounts and audit**

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorized by the board or the Company in general meeting. However, an exempted company shall make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), the Company may send to such persons summarized financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarized financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

**(i) Notices of meetings and business to be conducted thereat**

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings (including an extraordinary general meeting) must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together representing not less than ninety-five per cent (95%) of the total voting rights at the meeting of all the members.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

**(j) Transfer of shares**

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the

principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognize any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

**(k) Power for the Company to purchase its own shares**

The Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

**(l) Power for any subsidiary of the Company to own shares in the Company and financial assistance to purchase shares of the Company**

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

**(m) Dividends and other methods of distribution**

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realized or unrealized, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

**(n) Proxies**

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

**(o) Call on shares and forfeiture of shares**

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or installment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

**(p) Inspection of register of members**

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a

maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

**(q) Quorum for meetings and separate class meetings**

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

**(r) Rights of the minorities in relation to fraud or oppression**

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarized in paragraph 3(f) of this Appendix.

**(s) Procedures on liquidation**

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the

liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

**(t) Untraceable members**

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

**(u) Subscription rights reserve**

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

**3. CAYMAN ISLANDS COMPANY LAW**

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

**(a) Operations**

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

**(b) Share capital**

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be

transferred to an account, to be called the "share premium account." At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

**(c) Financial assistance to purchase shares of a company or its holding company**

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

**(d) Purchase of shares and warrants by a company and its subsidiaries**

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorized to do so by its articles of

association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorize the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorized by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company shall be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share shall not be voted, directly or indirectly, at any meeting of the company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law. Further, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

**(e) Dividends and distributions**

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

**(f) Protection of minorities**

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorizing civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

**(g) Management**

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**(h) Accounting and auditing requirements**

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

**(i) Exchange control**

There are no exchange control regulations or currency restrictions in the Cayman Islands.

**(j) Taxation**

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from March 15, 2016.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

**(k) Stamp duty on transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

**(l) Loans to directors**

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

**(m) Inspection of corporate records**

Members of the Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register shall be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

**(n) Winding up**

A company may be wound up compulsorily by order of the Court or voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorized by the company's articles of association and published in the Gazette in the Cayman Islands.

**(o) Reconstructions**

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and

thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

### (p) Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

### (q) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

## 4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarizing certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents delivered to the Registrar of Companies and available for inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

## A. FURTHER INFORMATION ABOUT OUR GROUP

### 1. Incorporation of Our Company

Our Company was incorporated in the Cayman Islands under the Cayman Company Law as an exempted company with limited liability on February 22, 2016. We have established a principal place of business in Hong Kong at Units 2019-25, 20/F, Tower 1, Metroplaza, 223 Hing Fong Road, Kwai Chung, New Territories, Hong Kong and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on March 16, 2016 under the same address. Mr. Lo has been appointed as our authorized representative under the Companies Ordinance for the acceptance of service of process and notices on our behalf in Hong Kong.

As we were incorporated in the Cayman Islands, our operations are subject to the Cayman Company Law and our constitution which comprises our Memorandum and the Articles of Association. A summary of certain provisions of our constitution and relevant aspects of the Cayman Company Law is set out in Appendix III to this prospectus.

### 2. Changes in Our Share Capital

Our Company was incorporated with an authorized share capital of HK$380,000 divided into 3,800,000 Shares of HK$0.1 each. On February 22, 2016, 1 Share of HK$0.1 was allotted, issued and credited as fully paid to Mr. Lam as the initial subscriber and sole shareholder.

The following set out the changes in the share capital of our Company during the two years immediately preceding the date of this prospectus:

Pursuant to the written resolutions of our Shareholder passed on September 1, 2016, our authorized share capital was increased from HK$380,000 divided into 3,800,000 Shares of HK$0.1 each to HK$500,000,000 divided into 5,000,000,000 Shares of HK$0.1 each.

On September 1, 2016, 1,806,633,880 Shares, 76,808,322 Shares, 63,978,881 Shares, 22,294,947 Shares, 15,606,463 Shares, 8,917,979 Shares, 4,458,989 Shares, 557,374 Shares, 371,582 Shares and 371,582 Shares of HK$0.1 each were allotted, issued and credited as fully paid to Energy Garden Limited, CRRC, Millennium Fortune, Mr. Au-Yeung, Mr. Lo, Mr. Castiel, Mr. Y C Chan, Mr. Cheung, Mr. K S Chan and Mr. Li, respectively. For further details, please refer to the section headed "History, Reorganization and Corporate Structure — Reorganization — Establishment of our Company and Transfer of Shares in Crest Pacific to our Company."

Immediately following completion of the Global Offering (without taking into account any Share which may be issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme), our issued share capital will be HK$256,000,000 divided into 2,560,000,000 Shares, all fully paid or credited as fully paid.

Save as disclosed above and as mentioned in the paragraph headed "Written Resolutions Passed by Our Shareholders" below, there has been no alteration in our share capital since our establishment.

## 3. Changes in the Share Capital of Our Subsidiaries

Details of our subsidiaries are as set out in the Accountants' Report in Appendix I to this prospectus. The following alterations in the share capital or registered capital (as the case may be) of our subsidiaries have taken place within the two years immediately preceding the date of this prospectus:

### a) Crest Pacific

On April 24, 2015, pursuant to a consent resolution of the sole director of Crest Pacific, the memorandum of association was amended such that its authorized share capital was altered to 500,000,000 shares with a par value of US$0.0001 each from 50,000 shares with a par value of US$1.00 each.

On April 28, 2015, the 1,000 issued shares with a par value of US$1.00 each were subdivided into 10,000,000 ordinary shares with a par value of US$0.0001 each, with effect from April 28, 2015 (the "**Share Split**"). Immediately following the Share Split, 6,000,000 ordinary shares, 2,000,000 ordinary shares, 1,000,000 ordinary shares and 1,000,000 ordinary shares of US$0.0001 each were held by Mr. Lam, Ms. Chan, Mr. Lee and Ms. Tang, respectively.

On May 29, 2015, 413,412 ordinary shares of US$0.0001 each were allotted, issued and credited as fully paid to CRRC.

On December 10, 2015, 344,359 ordinary shares of US$0.0001 each were allotted, issued and credited as fully paid to Millennium Fortune.

On December 31, 2015, 3,000 ordinary shares, 2,000 ordinary shares and 2,000 ordinary shares of US$0.0001 each were allotted, issued and credited as fully paid to Mr. Cheung, Mr. K S Chan and Mr. Li, respectively.

### b) VPower (China)

On December 23, 2014, 9,000,000 ordinary shares of HK$1.00 each were allotted, issued and credited as fully paid to Crest Pacific.

### c) VPower Group Holdings (Asia) Limited (formerly known as Super Idea Ventures Limited)

On September 12, 2014, 100 ordinary shares of US$1.00 each were allotted, issued and credited as fully paid to VGH.

### d) VPower Group Holdings (Singapore)

On September 23, 2014, 10,000 ordinary shares of S$1.00 each were allotted, issued and credited as fully paid to VPower Group Holdings (Asia) Limited.

### e) VPower (Singapore)

On September 23, 2014, 10,000 ordinary shares of S$1.00 each were allotted, issued and credited as fully paid to VPower Group Holdings (Singapore).

**f) Assets Guru Limited**

On December 27, 2014, 1 ordinary share of US$1.00 was allotted, issued and credited as fully paid to OIL Officers Limited which was subsequently transferred to VPower Group Holdings (Asia) Limited on February 10, 2015.

**g) Paragon Vision Limited**

On October 19, 2015, 1 ordinary share of US$1.00 was allotted, issued and credited as fully paid to Crest Pacific.

Save as set out above, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

## 4. Written Resolutions Passed by Our Shareholders

Pursuant to the written resolutions passed by the Shareholders of our Company on October 24, 2016, the following resolutions, among others, were duly passed:

a) Our Company approved and adopted the Memorandum and Articles of Association and authorized their filing with the Registrar of Companies in the Cayman Islands and thereby giving effect to the same upon filing;

b) Conditional upon both (i) the Listing Committee of the Hong Kong Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering, and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and the Underwriting Agreements not being terminated in accordance with the terms of such agreements or otherwise:

   a. the Global Offering (including the Over-allotment Option) be approved and our Directors be authorized to allot and issue the new Shares pursuant to the Global Offering (including the Over-allotment Option); and

   b. the proposed Listing of the Shares on the Main Board of the Stock Exchange be approved and our Directors be authorized to implement such Listing;

c) a general unconditional mandate was given to our Directors to allot, issue and otherwise deal with the Shares or convertible securities and to make or grant offers, agreements and options which would or might require the exercise of such powers (otherwise than pursuant to, or in consequence of, the Global Offering, a rights issue, the exercise of any subscription rights which may be granted under any scrip dividend scheme or similar arrangements, any adjustment of rights to subscribe for shares under options and warrants or a special authority granted by the Shareholders) with an aggregate nominal value not exceeding the sum of 20% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Global Offering, excluding Shares which may be issued upon the exercise of the Over-allotment Option;

d) a general unconditional mandate was given to the Directors authorizing them to exercise all powers of our Company to repurchase the Shares representing up to 10% of its share capital in issue, immediately following completion of Global Offering, excluding Shares which may be issued upon the exercise of the Over-allotment Option;

e) general unconditional mandate as mentioned in paragraph (c) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (d) above;

f) the Share Option Scheme, the principal terms of which are set out in "— D. Share Option Scheme" in this Appendix below, were approved and adopted and our Directors or any committee established by our Board were authorized, at their sole discretion, to (i) administer the Share Option Scheme; (ii) modify/amend the Share Option Scheme from time to time as required by the Hong Kong Stock Exchange; (iii) grant options to subscribe for Shares under the Share Option Scheme before up to the limits referred to in the Share Option Scheme; (iv) allot, issue and deal with the Shares pursuant to the exercise of any option which may be granted under the Share Option Scheme; (v) make application at the appropriate time or times to the Hong Kong Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may hereafter from time to time be issued and allotted pursuant to the exercise of the options granted under the Share Option Scheme; and (vi) take all such actions as they consider necessary, desirable or expedient to implement or give effect to the Share Option Scheme; and

g) the Pre-IPO Share Option Scheme, the principal terms of which are set out in "— E. Pre-IPO Share Option Scheme" in this Appendix below, were approved and adopted and our Directors or any committee established by our Board were authorized, at their sole discretion, to (i) administer the Pre-IPO Share Option Scheme; (ii) grant options to subscribe for Shares under the Pre-IPO Share Option Scheme before up to the limits referred to in the Pre-IPO Share Option Scheme; (iii) allot, issue and deal with the Shares pursuant to the exercise of any option which may be granted under the Pre-IPO Share Option Scheme; (iv) make application at the appropriate time or times to the Hong Kong Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may hereafter from time to time be issued and allotted pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme; and (v) take all such actions as they consider necessary, desirable or expedient to implement or give effect to the Pre-IPO Share Option Scheme.

Each of the general mandates referred to in paragraphs (c), (d) and (e) above will remain in effect until the earlier of (i) the conclusion of the next annual general meeting of our Company, unless renewed by an ordinary resolution of the Shareholders in a general meeting, either unconditionally or subject to conditions; or (ii) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting.

**5. Reorganization**

Our Group underwent the Reorganization in preparation for the Listing. For details relating to the Reorganization, please refer to the section headed "History, Reorganization and Corporate Structure" in this prospectus.

## 6. Corporate Information of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are as set out in the "Accountants' Report" in Appendix I to this prospectus.

Save for the subsidiaries mentioned in the Accountants' Report in Appendix I to this prospectus, our Company has no other subsidiaries.

## 7. Repurchases of Our Own Securities

### *(a) Provisions of the Listing Rules*

The Listing Rules permit companies with a primary listing on the Hong Kong Stock Exchange to repurchase their securities on the Hong Kong Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) Shareholders' approval

All proposed repurchases of shares by a company with a primary listing on the Hong Kong Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our then Shareholders on October 24, 2016, a general unconditional mandate (the "**Repurchase Mandate**") was given to the Directors authorizing any repurchase by us of Shares on the Hong Kong Stock Exchange or on any other stock exchange on which the securities may be listed and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose, of not more than 10% of the aggregate nominal value of our share capital in issue immediately following the completion of the Global Offering, such mandate to expire at the conclusion of our next annual general meeting, the date by which our next annual general meeting is required by our Articles of Association or any other applicable laws to be held or when revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever first occurs.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with our Articles and the laws of the Cayman Islands. A listed company may not repurchase its own securities on the Hong Kong Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Hong Kong Stock Exchange from time to time.

### *(b) Reasons for repurchases*

The Directors believe that it is in the best interests of us and Shareholders for the Directors to have general authority from the Shareholders to enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where the Directors believe that such repurchases will benefit us and our Shareholders.

### *(c) Funding of repurchases*

In repurchasing securities, we may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of the current financial position as disclosed in this prospectus and taking into account the current working capital position, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on our working capital and/or gearing position as compared with the position disclosed in this prospectus. The Directors, however, do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or gearing levels which in the opinion of the Directors are from time to time appropriate for us.

The exercise in full of the Repurchase Mandate, on the basis of 2,560,000,000 Shares in issue immediately following the completion of the Global Offering (without taking into account any Share which may be issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme), could accordingly result in 256,000,000 Shares being repurchased by us during the period prior to (1) the conclusion of our next annual general meeting; (2) the expiration of the period within which we are required by any applicable law or our Articles to hold our next annual general meeting; or (3) the revocation or variation of the purchase mandate by an ordinary resolution of the Shareholders in general meeting, whichever occurs first (the "**Relevant Period**").

***(d) General***

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Share to us or our subsidiaries.

The Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws and regulations of the Cayman Islands. We have not repurchased any Share since our incorporation.

If, as a result of any repurchase of Shares, a shareholder's proportionate interest in our voting rights is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). Accordingly, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate. Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than 25% of our Shares than in issue could only implemented with the approval of the Hong Kong Stock Exchange to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No connected person has notified us that he or she has a present intention to sell Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

## B. FURTHER INFORMATION ABOUT OUR BUSINESS

### 1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this prospectus that are or may be material:

(a) The share subscription agreement dated April 22, 2015 in relation to shares in the capital of Crest Pacific entered into between CRRC (previously known as CSR (Hong Kong) Co. Limited), Mr. Lam, Ms. Chan, Mr. Lee, Ms. Tang and Crest Pacific, pursuant to which CRRC agreed to subscribe and Crest Pacific agreed to issue 413,412 new shares in Crest Pacific for a consideration of HK$155,174,000;

(b) The supplemental agreement to the share subscription agreement in relation to shares in Crest Pacific dated May 27, 2015 entered into between CRRC (previously known as CSR (Hong Kong) Co. Limited), Mr. Lam, Ms. Chan, Mr. Lee, Ms. Tang and Crest Pacific in relation to certain amendments to the share subscription agreement dated April 22, 2015;

(c) The second supplemental agreement to the share subscription agreement in relation to shares in Crest Pacific dated June 26, 2015 entered into between CRRC (previously known as CSR (Hong Kong) Co. Limited), Mr. Lam, Ms. Chan, Mr. Lee, Ms. Tang and Crest Pacific in relation to certain amendments to the share subscription agreement dated April 22, 2015 as supplemented on May 27, 2015;

(d) The shareholders' agreement in relation to Crest Pacific dated April 22, 2015 entered into between Crest Pacific, Mr. Lam, Ms. Chan, Mr. Lee, Ms. Tang and CRRC (previously known as CSR (Hong Kong) Co. Limited);

(e) The share subscription agreement in relation to the shares in the capital of Crest Pacific dated October 26, 2015 entered into between Millennium Fortune, Mr. Lam, Ms. Chan, Mr. Lee, Ms. Tang, CRRC (previously known as CSR (Hong Kong) Co. Limited) and Crest Pacific, pursuant to which Millennium Fortune agreed to subscribe and Crest Pacific agreed to issue 344,359 new shares in Crest Pacific for a consideration of US$20,000,000;

(f) The shareholders' agreement in relation to Crest Pacific dated October 26, 2015 entered into between Crest Pacific, Mr. Lam, Ms. Chan, Mr. Lee, Ms. Tang, CRRC (previously known as CSR (Hong Kong) Co. Limited) and Millennium Fortune;

(g) The agreement for the sale and purchase of assets dated October 30, 2015 entered into between VGH and VPower Chad pursuant to which VGH agreed to sell and VPower Chad agreed to purchase the legal and beneficial title to certain assets as listed in Schedule 1 of the agreement;

(h) The supplemental agreement to the share subscription agreement in relation to shares in the capital of Crest Pacific dated December 4, 2015 entered into between CRRC, Millennium Fortune, Mr. Lam, Ms. Chan, Mr. Lee, Ms. Tang and Crest Pacific in relation to certain amendments to the share subscription agreement dated October 26, 2015;

(i) The share sale and purchase agreement dated December 4, 2015 entered into between VPower Group Holdings (Singapore) and Mr. Lam whereby VPower Group Holdings (Singapore) agreed to sell and Mr. Lam agreed to purchase 62.5% of the equity interest in VPower Eco Energy Holdings, being 6,250 shares in VPower Eco Energy Holdings, for a consideration of US$6,250;

(j) The supplemental agreement to the shareholders' agreement in relation to Crest Pacific dated December 4, 2015 entered into between Crest Pacific, Mr. Lam, Ms. Chan, Mr. Lee, Ms. Tang, CRRC and Millennium Fortune in relation to certain amendments to the shareholders' agreement dated October 26, 2015;

(k) The share subscription agreement dated December 31, 2015 entered into between Crest Pacific, Mr. Cheung, Mr. Li and Mr. K S Chan, pursuant to which Mr. Cheung, Mr. Li and Mr. K S Chan agreed to subscribe and Crest Pacific agreed to issue 3,000, 2,000 and 2,000 new shares in Crest Pacific for a consideration of HK$1,395,000, HK$930,000 and HK$930,000, respectively;

(l) The agreement for sale and purchase of the entire issued share capital in Crest Pacific Investments Limited dated September 1, 2016 entered into between Energy Garden Limited,

CRRC, Millennium Fortune, Mr. Au-Yeung, Mr. Lo, Mr. Castiel, Mr. Y C Chan, Mr. Cheung, Mr. K S Chan and Mr. Li (the "**Shareholders in Crest Pacific**") as vendors, Mr. Lam as warrantor and our Company as purchaser, pursuant to which our Company agreed to allot and issue 1,999,999,999 shares in our Company to the Shareholders in Crest Pacific in proportion to their existing shareholdings in Crest Pacific, in exchange for the 10,764,771 issued shares in Crest Pacific held by the Shareholders in Crest Pacific;

(m) Deed of Non-competition;

(n) a cornerstone investment agreement dated November 7, 2016 entered into among our Company, Next Admiral Limited and the Joint Global Coordinators, pursuant to which Next Admiral Limited has agreed to subscribe for such number of Shares as described in the section headed "Our Cornerstone Investor" of this prospectus; and

(o) Hong Kong Underwriting Agreement.

**2. Intellectual Property Rights of our Group**

As of the Latest Practicable Date, we have registered the following intellectual property rights which, in the opinion of our Directors, are material to our business.

*(a) Trademarks*

As of the Latest Practicable Date, we have registered the following trademarks:

| No. | Trademark | Registration Number | Name of Registered Proprietor | Class | Place of Registration | Date of Registration | Expiry Date |
|---|---|---|---|---|---|---|---|
| 1. |   | 302365812 | VPower (Shenzhen) | 7 | Hong Kong | September 3, 2012 | September 2, 2022 |
| 2. | A  B  C  D  | 302126763 | VPower Holdings Limited | 7 | Hong Kong | December 29, 2011 | December 29, 2021 |
| 3. | VPOWER | 7446615 | VPower (Shenzhen) | 7 | PRC | December 21, 2010 | December 20, 2020 |
| 4. |  | 4927442 | VPower (Shenzhen) | 7 | PRC | April 28, 2009 | April 27, 2019 |

As of the Latest Practicable Date, we have applied for the registration of the following trademarks which are under review and approval process of the relevant trademarks office:

| No. | Trademark Applied For | Trademark application No. | Name of Trademark Applicant | Class | Place of Application |
|---|---|---|---|---|---|
| 1. | VPOWER GROUP | 18395118 | VPower (Shenzhen) | 7 | PRC |
| 2. |  | 18394211 | VPower (Shenzhen) | 7 | PRC |
| 3. | (a) VPOWER GROUP<br>(b)  | Under progress | VPower (Shenzhen) | 7 | African Intellectual Property Organization (OAPI), Botswana, Ghana, Kenya, Lesotho, Liberia, Madagascar, Mozambique, Namibia, Rwanda, Sao Tome and Principe, Sierra Leone, Sudan, Swaziland, Tunisia, Zambia, Zimbabwe |

*(b) Domain Names*

As of the Latest Practicable Date, we have registered the following domain names:

| No. | Domain Name | Registered Owner | Date of Registration | Expiry Date |
|---|---|---|---|---|
| 1 | VPOWER.COM | VPower Holdings Limited | September 12, 1997 | September 11, 2021 |

*(c) Patents*

As of the Latest Practicable Date, we have registered the following patents:

| No. | Patent | Patent Number | Name of Registered Proprietor | Place of Registration | Date of Registration |
|---|---|---|---|---|---|
| 1. | Parallel control system for diesel-fired generator (柴油發電機並聯控制系統) | ZL 2013 2 0666320.1 | VPower (Shenzhen) | PRC | May 21, 2014 |
| 2. | a kind of cabinet with an indented area (一種帶凹陷區域的機櫃) | ZL 2011 2 0542572.4 | VPower (Shenzhen) | PRC | September 26, 2012 |
| 3. | Automatic oil filling device for engine (發動機自動補油裝置) | ZL 2013 2 0666318.4 | VPower (Shenzhen) | PRC | April 2, 2014 |
| 4. | a kind of ventilating and sound silencing shutters which is structurally improved (一種改進了結構的通風消音百葉窗) | ZL 2011 2 0542608.9 | VPower (Shenzhen) | PRC | September 26, 2012 |

| No. | Patent | Patent Number | Name of Registered Proprietor | Place of Registration | Date of Registration |
|---|---|---|---|---|---|
| 5. | a kind of box-shaped exhaust and sound silencing structure for container machine unit (一種貨櫃機組用箱形排氣消音器結構) | ZL 2011 2 0542605.5 | VPower (Shenzhen) | PRC | September 26, 2012 |
| 6. | Box door structure of containerized gen-set (集裝箱式發電機組的箱門結構) | ZL 2014 2 0476251.2 | VPower (Shenzhen) | PRC | December 3, 2014 |
| 7. | Containerized gas-fired gen-set (集裝箱式燃氣發電機組) | ZL 2013 2 0666336.2 | VPower (Shenzhen) | PRC | April 2, 2014 |
| 8. | Installation structure of container lights (集裝箱照明燈的安裝結構) | ZL 2014 2 0476235.3 | VPower (Shenzhen) | PRC | December 10, 2014 |
| 9. | a kind of compact battery mounting rack (一種簡便型蓄電池安裝架) | ZL 2011 2 0542602.1 | VPower (Shenzhen) | PRC | September 26, 2012 |
| 10. | a kind of air discharging and sound silencing shutters (一種排風消音百葉窗) | ZL 2011 2 0545217.2 | VPower (Shenzhen) | PRC | September 26, 2012 |
| 11. | Hot water supply system (熱水聯供系統) | ZL 2013 2 0666383.7 | VPower (Shenzhen) | PRC | April 9, 2014 |
| 12. | a kind of ventilation and sound silencing shutters (一種通風消音百葉窗) | ZL 2011 2 0542601.7 | VPower (Shenzhen) | PRC | September 26, 2012 |
| 13. | a kind of box-type gen-set which is easy to transport (一種便於運輸的箱式發電機組) | ZL 2014 2 0476252.7 | VPower (Shenzhen) | PRC | December 10, 2014 |
| 14. | a kind of emergency stop switch (一種緊急停機開關) | ZL 2009 2 0132736.9 | VPower (Shenzhen) | PRC | March 24, 2010 |
| 15. | a kind of connecting structure for soundproof windows (一種隔音窗戶的連接結構) | ZL 2009 2 0132739.2 | VPower (Shenzhen) | PRC | March 10, 2010 |
| 16. | a kind of exhaust pipe (一種排煙管道) | ZL 2009 2 0132741.X | VPower (Shenzhen) | PRC | March 10, 2010 |
| 17. | a kind of soundproof window (一種隔音窗戶) | ZL 2009 2 0132740.5 | VPower (Shenzhen) | PRC | March 10, 2010 |
| 18. | a kind of cable connector (一種電纜的插接器) | ZL 2009 2 0132734.X | VPower (Shenzhen) | PRC | March 10, 2010 |
| 19. | a kind of main girder for power distribution cabinet (一種配電櫃主架梁) | ZL 2009 2 0132735.4 | VPower (Shenzhen) | PRC | March 10, 2010 |
| 20. | a kind of cable retracting device (一種電纜線收放裝置) | ZL 2009 2 0132738.8 | VPower (Shenzhen) | PRC | March 10, 2010 |
| 21. | a kind of sound silencer for soundproof machine (一種防音機消聲器) | ZL 2009 2 0132737.3 | VPower (Shenzhen) | PRC | March 24, 2010 |

## C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

### 1. Disclosure of Interests

#### *(a) Disclosure of Interests of Directors and Chief Executive*

Immediately following completion of the Global Offering (without taking into account the Shares which may be issued or allotted upon any exercise of the Over-allotment Option and any options which have been or may be granted under the Pre-IPO Share Option Scheme or the Share Option Scheme), the interests or short positions of our Directors or chief executives in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to us and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, under Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules ("**Model Code**") to be notified to us, once the Shares are listed will be as follows:

*(i) Interest in the Company*

| Name of Director | Nature of interest | Number of Shares or underlying Shares | Approximate percentage of shareholding interest (without taking into account the Shares which may be issued or allotted upon any exercise of the Over-allotment Option and any options which have been or may be granted under the Pre-IPO Share Option Scheme or the Share Option Scheme) |
|---|---|---|---|
| Mr. Lam[(1)] | Interest of a controlled corporation | 1,806,633,881 | 70.57% |
| | Beneficial owner | 398,000 | 0.02% |
| Mr. Au-Yeung[(2)] | Beneficial owner | 22,294,947 | 0.87% |
| | Beneficial owner | 395,000 | 0.02% |
| Mr. Lo[(3)] | Beneficial owner | 15,606,463 | 0.61% |
| | Beneficial owner | 390,000 | 0.02% |
| Dr. Chan Ka Keung[(4)] | Interest of a controlled corporation | 63,978,881 | 2.50% |
| Ms. Chan[(5)] | Beneficial owner | 390,000 | 0.02% |

Notes:

(1) Mr. Lam directly holds the entire issued shares capital of Sunpower Global Limited which holds 58.87% of the total issued share capital of Konwell Developments Limited. Konwell Developments Limited holds the entire issued capital of Energy Garden Limited. Therefore, Mr. Lam is deemed to be interested in the same number of Shares in which Energy Garden Limited is interested. Mr. Lam is also interested in options granted under the Pre-IPO Share Option Scheme to subscribe for 398,000 Shares.

(2) Mr. Au-Yeung is an existing shareholder of our Company holding 22,294,947 Shares. He is also interested in options granted under the Pre-IPO Share Scheme to subscribe for 395,000 Shares.

(3) Mr. Lo is an existing shareholder of our Company holding 15,606,463 Shares. He is also interested in options granted under the Pre-IPO Share Scheme to subscribe for 390,000 Shares.

(4) Dr. CHAN Ka Keung owns an aggregate of 4.9% of Nature Elements Asia Renewable Energy and Cleantech Fund L.P. (by holding 100% of its general partner and one of the limited liability partners) which holds the entire issued capital of Millennium Fortune. Therefore, Dr. CHAN Ka Keung is deemed to be interested in the same number of Shares in which Millennium Fortune is interested.

(5) Ms. Chan is interested in options granted under the Pre-IPO Share Scheme to subscribe for 390,000 Shares.

*(ii) Interest in Associated Corporation*

| 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

### *(b) Disclosure of Interests of Substantial Shareholders*

For information on the persons who will, immediately following the completion of the Global Offering (without taking into account the Shares which may be issued or allotted upon any exercise of the Over-allotment Option and any options which have been or may be granted under the Pre-IPO Share Option Scheme or the Share Option Scheme), have interests or short positions in our Shares or underlying Shares which would fall to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of the Company, please see the section headed "Substantial Shareholders" in this prospectus.

## 2. Further Information about Our Directors

### *(a) Particulars of Directors' Contracts*

Each of the executive Directors entered into a service contract with our Company on October 24, 2016. The principal particulars of the service agreement are: (a) for a term of three years commencing from the Listing Date, and (b) subject to termination in accordance with their respective terms. The service agreement may be renewed in accordance with our Articles of Association and the applicable laws and regulations.

Each of the non-executive Directors has signed a letter of appointment with our Company on October 24, 2016 for a term of three years. The letters of appointment are subject to termination in accordance with their respective terms.

Each of the independent non-executive Directors have signed a letter of appointment with our Company on October 24, 2016 for a term of three years. The letters of appointment are subject to termination in accordance with their respective terms.

### *(b) Remuneration of Directors*

The aggregate amount of fees, salaries, contributions to retirement benefits, discretionary bonuses, allowances and other benefits in kind granted to our Directors (in a capacity as directors or employees of any subsidiary of our Group) for the three years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2016 were approximately HK$6.0 million, HK$8.0 million, HK$10.5 million and HK$5.1 million, respectively.

Under the arrangements in force at the date of this prospectus, our Directors will be entitled to receive remuneration and benefits in kind which, for the year ending December 31, 2016, is expected to be approximately HK$10.9 million in aggregate.

There has been no arrangement under which a Director has waived or agreed to waive any remuneration or benefits in kind for the Track Record Period.

## 3. Fees or Commissions Received

Save as disclosed in this prospectus, none of the Directors or any of the persons whose names are listed under the sub-section headed "— F. Other Information — Consent of Experts" below had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.

## 4. Disclaimers

Save as disclosed in this prospectus:

(a) none of our Directors or chief executives has any interests and short positions in the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to us and the Hong Kong Stock Exchange, in each case once our Shares are listed on the Hong Kong Stock Exchange;

(b) so far as is known to any of our Directors or chief executives, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to us and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group;

(c) none of our Directors nor any of the parties listed in the section headed "— F. Other Information — Consent of Experts" of this Appendix is interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this prospectus, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to us;

(d) save as disclosed in this prospectus or in connection with the Underwriting Agreements, none of our Directors nor any of the parties listed in the section headed "— F. Other Information — Consent of Experts" of this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group;

(e) save in connection with the Underwriting Agreements, none of the parties listed in the paragraph headed "— F. Other Information — Consent of Experts" of this Appendix: (i) is interested legally or beneficially in any of our Shares or any share in any of our subsidiaries; or (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;

(f) none of our Directors or their respective associates (as defined under the Listing Rules) or any of our Shareholders (who to the knowledge of our Directors owns more than 5% of our issued share capital) has any interest in our five largest suppliers or customers; and

(g) None of the Directors or any past Directors of any members of our Group has been paid any sum of money for the three years ended December 31, 2013, 2014 and 2015 and the five month ended May 31, 2016 (i) as an inducement to join or upon joining us or (ii) for loss of office as a Director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

## D. SHARE OPTION SCHEME

Application has been made to the Listing Committee for the listing of and permission to deal in 256,000,000 Shares, representing 10% of our Company's issued share capital as of the Listing Date (without taking into account the Shares which may be issued or allotted upon any exercise of the Over-allotment Option and any option which have been or may be granted under the Pre-IPO Share Option Scheme or the Share Option Scheme), which may fall to be issued pursuant to the exercise of the options granted under the Share Option Scheme. As of the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

The following is a summary of the principal terms of the Share Option Scheme adopted pursuant to the written resolutions of all the Shareholders our Company passed on October 24, 2016 and adopted by a Board meeting on October 24, 2016. The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules:

### 1. Purpose of the Share Option Scheme

(a) The Share Option Scheme is a share incentive scheme and is established to provide incentives and rewards to Eligible Participants (as defined below) for their contribution, and to align the corporate objectives and interests between the Group and its key talents.

(b) For the purpose of the Share Option Scheme, "**Eligible Participant**" means any person who satisfies the eligibility criteria in paragraph 2 below.

### 2. Who may join and basis for determining eligibility

(a) Our Board may at its discretion grant options to any director, employee, adviser, consultant and business partners of our Group.

(b) In determining the basis of offering options to an Eligible Participant, our Board shall take into account, without limitations, the employee grade, years of service, overall performance of such Eligible Participant, and/or such factors as our Board may at its discretion consider appropriate, for the purpose of management.

(c) Each grant of options to a connected person (as defined in the Listing Rules) of our Company, or any of his associates (as defined in the Listing Rules), must comply and be approved in accordance with the applicable requirements of the Listing Rules.

**3. Grant of options**

(a) On and subject to the terms of the Share Option Scheme, our Board shall be entitled at any time during the operation of the Share Option Scheme, at its sole and absolute discretion, to the grant of an option to any Eligible Participant by letter of such form our Board may from time to time determine. An offer of options shall be open for acceptance in writing given by either prepaid post, facsimile transmission, personal delivery or by electronic communication received by the Board (or a person designated by the Board) for such period (not exceeding thirty (30) calendar days from, and inclusive of, the grant date) as the Board may determine and notify to the grantee concerned. An offer of option not accepted within this period will lapse. A non-refundable remittance of HK$1.00 is payable by the grantee to our Company upon acceptance of the offer of options which will not be a part payment of the subscription price. An offer may not be accepted unless the grantee remains an Eligible Participant on acceptance.

(b) Subject to the provisions of the Share Option Scheme, the Listing Rules and any relevant laws and regulations, our Board may, on a case by case basis and at its discretion when offering the grant of an option, impose any conditions, restrictions or limitations in relation thereto additional to those expressly set forth in the Share Option Scheme as it may think fit (which shall be stated in the letter containing the offer of the grant of the option).

(c) Any offer of options may be accepted or deemed to have been accepted for a number of Shares less than those offered under the relevant options provided that the number of Shares in respect of the options accepted constitutes a board lot or an integral multiple thereof for the purposes of trading on the Stock Exchange. If the offer of options is not accepted within the period in the manner indicated in paragraph 3(a) above, such offer shall lapse automatically.

(d) Our Company shall issue a statement in such form as our Board shall from time to time determine to any grantee who has accepted an offer within seven (7) days after the end of the period for acceptance of the offer.

**4. Subscription Price**

The subscription price for any Share under the Share Option Scheme shall be a price determined by our Board and notified to each grantee and shall be not less than the highest of (i) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option, which must be a business day, (ii) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five (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. The exercise price shall also be subject to any adjustments made in a situation contemplated under paragraph 10 below.

**5. Maximum number of Shares**

(a) Subject to (b) and (c) below, the total number of Shares which may be issued upon exercise of all options that may be granted under the Share Option Scheme and any other share option scheme of our Company shall not in aggregate exceed 10% of the issued share capital of our Company as of the Listing Date, unless our Company obtains the approval of our Shareholders in general meeting. Options lapsed in accordance with the terms of the Share Option Scheme or any other scheme shall not be counted for the purpose of calculating the 10% limit.

(b) Our Company may seek the approval of our Shareholders in general meeting to refresh the 10% limit such that the total number of Shares which may be issued upon exercise of all options that may be granted under the Share Option Scheme and any other share option scheme of our Company under the limit as refreshed shall not exceed 10% of the issued share capital of our Company as of the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme or any other option scheme, including options outstanding, cancelled or lapsed in accordance with the relevant option scheme or exercised options, shall not be counted for the purpose of calculating the limit to be refreshed.

(c) Our Company may seek the approval of our Shareholders in general meeting to grant options under the Share Option Scheme which will result in the number of Shares in respect of all the options granted under the Share Option Scheme and any other share option scheme exceeding 10% of the issued share capital of our Company, provided that such options are granted only to participants specifically identified by our Company before the approval of our Shareholders is sought.

(d) The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme shall not exceed 30% of the issued share capital of our Company from time to time.

(e) No option may be granted to any Eligible Participant which, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the options already granted or to be granted to such Eligible Participant under the Share Option Scheme (including exercised, cancelled and outstanding options granted under the Share Option Scheme) in the twelve-month period up to and including the date of such new grant exceeding 1% in aggregate of the issued share capital of our Company as of the date of such grant. Any grant of further options granted under the Share Option Scheme above this limit shall be subject to certain requirements provided under the Listing Rules.

**6. Time of exercise of option**

(a) Subject to any restriction contained in the Share Option Scheme, an option may be exercised in accordance with the terms of the Share Option Scheme and the terms of grant thereof at any time during the applicable option period, which is not more than ten (10) years from the date of grant of option.

(b) There is no general requirement on the minimum period for which an option must be held or the performance targets which must be achieved before an option can be exercised under the terms of the Share Option Scheme. However, at the time of granting any option, our 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 our Board may determine in its absolute discretion.

**7. Rights are personal to grantee**

An option granted under the Share Option Scheme shall be personal to the grantee and shall not be assignable or transferable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any third party over or in relation to any option granted under the Share Option Scheme.

**8. Rights on death/ceasing employment**

(a) If the grantee (being an individual) dies before exercising the option in full, all unvested options shall vest on the date of his death or the date of grant of option, whichever is later, and the legal personal representative(s) of such grantee may exercise all options granted to the deceased within twelve (12) months thereafter.

(b) Subject to sub-paragraphs (c) and (d) below, if the grantee who is an employee ceases to be an employee for any reason other than his death or disability, the grantee may exercise the option (to the extent exercisable as of the date of the relevant event and not exercised) within 30 days following the date of such cessation or such longer period as our Board may determine.

(c) If the grantee is an employee, director, consultant or adviser of our Group at the time of the grant of the relevant option(s) and his employment or service to our Company is terminated on the ground of disability resulting from an occupational accident, all unvested options shall vest on the date of grant of option or the termination date of the employment or engagement of such grantee, whichever is later. The grantee may exercise all options granted to him within twelve (12) months thereafter.

(d) If the grantee is an employee at the time of the grant of the relevant option(s), in the event of transfer of the grantee's employment or engagement within our Company and/or our subsidiaries according to the relevant internal rules, the rights and obligations in relation to the options granted to such grantee shall remain the same.

(e) If the grantee retires, the vesting schedule of the options granted to him shall continue to apply.

(f) If the grantee is on leave without pay accumulated for more than one hundred and eighty-three (183) days in any calendar year after the date of grant of option, the vesting periods for all unvested options granted to him shall be respectively extended for twelve (12) months. If any such extension will result in the vesting period of any unvested options to cross beyond the date of the 7th anniversary of the date of grant of option, such extension shall be deemed to be made up to the business day immediately prior to the date of the 7th anniversary of the date of grant of option.

(g) Notwithstanding any provision to the contrary under sub-paragraphs (a) to (f) above, if a grantee breaches the employment or engagement contract or other contracts with our Company and/or our subsidiaries, the Board may forfeit any unvested option at its sole and absolute discretion.

**9. Ranking of the shares**

No dividends (including distributions made upon the liquidation of our Company) will be payable and no voting rights will be exercisable in relation to any options that have not been exercised. Shares allotted and issued on the exercise of any options will be subject to all provisions of the Articles of Association of our Company and will rank equally in all respects with the Shares in issue on the date of allotment and issuance. They will not rank for any rights attaching to Shares by reference to a record date preceding the date of allotment and issuance.

**10. Effects of alterations to capital**

In the event of any alteration in our capital structure while an option remains exercisable, whether by way of capitalization of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which our Company is a party), such corresponding alterations (if any) shall be made to:

(a) the number of Shares (without fractional entitlements) subject to the options so far as unexercised; and/or

(b) the subscription price; and/or

(c) the maximum number of Shares for which further option may be granted under the Share Option Scheme.

Except alterations made on a capitalization issue, any alteration to the number of Shares which is the subject of the options and/or the subscription price shall be conditional on the auditors or the independent financial adviser appointed by our Company confirming by the issue of certificate to the Board that the alteration is in their opinion fair and reasonable, is made on the basis that the proportion of the issued share capital of our Company to which a grantee is entitled after such alteration shall remain the same as that to which he was entitled before such alteration. No such alteration shall be made to the effect which would be to enable any Share to be issued at less than its nominal value (where applicable) or which would result in the aggregate amount payable on the exercise of any options in full being increased.

**11. Rights on a Takeover**

If a general or partial offer (whether by way of takeover offer, repurchase offer or scheme of arrangement or otherwise in like manner) has been made to all our Shareholders (other than the offeror and/or any person controlled by the offeror and/or any party acting in concert with the offeror) to acquire all or part of the issued Shares and such offer, having been approved in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional, all unvested options shall vest immediately, and the grantee shall be entitled to exercise his options to their full extent or to the extent specified in his notice for such exercise within fourteen (14) calendar days after the date on which such offer becomes or is declared unconditional.

**12. Rights on a Scheme of Arrangement**

In the event of a compromise or arrangement between us and our Shareholders and/or creditors being proposed for the purpose of or in connection with a scheme for reconstruction or amalgamation of our

Company or its amalgamation with any other company or companies, we shall give notice thereof to all grantees on the same date as it gives notice of the meeting to our Shareholders and/or creditors of our Company to consider such a compromise or scheme of arrangement, and thereupon the grantee may, by notice in writing to our Company accompanied by the remittance for the total subscription price payable in respect of the exercise of the relevant option (such notice to be received by our Company not later than two (2) business days prior to the proposed meeting directed to be convened by the relevant court for the purposes of considering such compromise or arrangement if there are more than one meeting for such purpose, the date of the first meeting) exercise the option (to the extent exercisable as of the date of the notice to the grantee and not exercised) either in full or in part and our Board shall endeavor to procure that the Shares issued as a result of the exercise of options in such circumstances shall for the purposes of such compromise or arrangement form part of the issued share capital of our Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement.

**13. Rights on a Voluntary Winding up**

In the event notice is given by our Company to our Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up our Company, we shall forthwith give notice thereof to the grantee and the grantee may, by notice in writing to our Company accompanied by the remittance for the total subscription price payable in respect of the exercise of the relevant option (such notice to be received by our Company not later than two (2) business days prior to the proposed meeting) exercise the option (to the extent exercisable as of the date of the notice to the grantee and not exercised) either in full or in part and we shall, as soon as possible and in any event no later than the business day immediately prior to the date of the proposed general meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise.

**14. Lapse of options**

An option (to the extent such option has not already been exercised) shall lapse and not be exercisable on the earliest of:

(a) the expiry of the exercise period;

(b) the expiry of the periods referred to in paragraph 8, paragraph 11 and paragraph 13;

(c) the date when the proposed compromise or arrangement becomes effective in respect of the situation contemplated in paragraph 12;

(d) the date on which the Board exercise our Company's right to cancel or forfeit an option if a grantee commits a breach as contemplated under paragraph 7;

(e) the date on which the options are cancelled in accordance to paragraph 15 below;

(f) the date on which the Share Option Scheme is terminated by reason of the non-occurrence of any of the events contemplated under paragraph 18; and

(g) the date on which the employment contract of the grantee is deemed as violated by the grantee by reason of the breach of rules of confidentiality.

**15. Cancellation of options granted**

Any cancellation of option granted but not exercised must be approved by the grantee in writing. If our Board elects to cancel any option and a new option is proposed to be issued to the same grantee, the issue of such new option may only be made with available ungranted options (excluding for this purpose all the cancelled options) within the limits referred to in paragraph 5.

**16. Period of the Share Option Scheme**

Options may be granted to Eligible Participants under the Share Option Scheme during the period of ten (10) years commencing on the adoption date of the Share Option Scheme.

**17. Alteration to Share Option Scheme and Termination**

(a) This Share Option Scheme may be amended or altered in any respect by resolution of our Board to the extent allowed by the Listing Rules except that the following alteration must be approved by a resolution of the Shareholders in general meeting:

(i) any changes to the definitions of Eligible Participant, grantee and exercise period in the Share Option Scheme;

(ii) any alteration to the terms and conditions of the Share Option Scheme which are of a material nature;

(iii) any changes to the terms of options granted; and

(iv) any change to the authority of our Board in relation to any alteration to the terms of the Share Option Scheme,

except where such alterations take effect automatically under the existing terms of the Share Option Scheme, provided that no such alteration shall be to the advantage of grantee or the prospective grantee, without the prior approval of the Shareholders in general meeting with the Eligible Participants, the grantees and their respective Associates abstaining from voting.

(b) No alteration shall operate to affect adversely the terms of issue of any options granted or agreed to be granted prior to such alteration or to reduce the proportion of the equity capital to which any person was entitled pursuant to such options prior to such alteration except with the consent in writing of grantees holding in aggregate options which if exercised in full on the business day immediately preceding that on which such consent is obtained would entitle them to the issue of three-fourths in nominal value of all Shares which would fall to be issued upon the exercise of all options outstanding on that date.

(c) Our Board may at any time terminate the operation of the Share Option Scheme and in such event, no further options will be offered but the provisions of the Share Option Scheme shall remain in force in all other respects.

**18. Conditions of the Share Option Scheme**

The Share Option Scheme shall take effect subject to the passing of the necessary resolution to adopt the Share Option Scheme by our Board and our Shareholders and is conditional upon (i) the Listing

Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, any Share to be issued and allotted by our Company pursuant to the exercise of options in accordance with the terms and conditions of the Share Option Scheme; and (ii) the commencement of dealings in the Shares on the Stock Exchange.

**19. Administration of the Share Option Scheme**

The Share Option Scheme shall be subject to the administration of our Board, whose decision (save as otherwise provided in the Share Option Scheme) shall be final and binding on all parties.

**E. PRE-IPO SHARE OPTION SCHEME**

Pursuant to the written resolutions of the Shareholders of our Company passed on October 24, 2016, the rules of the Pre-IPO Share Option Scheme were approved and adopted.

***Purpose and terms***

The purpose of the Pre-IPO Share Option Scheme is to provide incentives and rewards to the directors, employees, advisers, consultants and business partners of the Group for their contribution, and to align the corporate objectives and interests between the Group and its key talents. The principal terms of the Pre-IPO Share Option Scheme, approved and adopted pursuant to the written resolutions of the Shareholders of our Company passed on October 24, 2016, are substantially the same as the terms of the Share Option Scheme (including a non-refundable remittance of HK$1.00 is payable by the grantee to our Company upon acceptance of the offer of options which will not be a part payment of the subscription price) except that:

(a) the total number of Shares which may be issued upon the exercise of all options granted under the Pre-IPO Share Option Scheme is 6,670,000 Shares, representing approximately 0.26% of the enlarged issued share capital of our Company immediately following the completion of the Global Offering (without taking into account any Share which may be issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme);

(b) save for the options which have been granted on November 1, 2016, no further options will be granted under the Pre-IPO Share Option Scheme prior to the Listing Date;

(c) Subject to any restriction contained in the Pre-IPO Share Option Scheme, an option may be exercised in accordance with the terms of the Pre-IPO Share Option Scheme and the terms of grant thereof. All the options granted to the grantees under the Pre-IPO Share Option Scheme that are not exercised by them prior to the sixth anniversary date of the Listing Date shall lapse and be deemed as cancelled and void;

(d) the subscription price for any Share under the Pre-IPO Share Option Scheme shall be an amount equal to 70% of the Offer Price (subject to adjustment pursuant to the terms of the Pre-IPO Share Option Scheme);

(e) In terms of rights on death or ceasing employment:

(i) If the grantee (being an individual) dies before exercising the option in full, all unvested options shall vest on the date of his death or the Listing Date, whichever is later, and the

legal personal representative(s) of such grantee may exercise all options granted to the deceased within twelve (12) months thereafter;

(ii) If the grantee is an employee, director, consultant or adviser of our Group at the time of the grant of the relevant option(s) and his employment or service to our Company is terminated on the ground of disability resulting from an occupational accident, all unvested options shall vest on the Listing Date or the termination date of the employment or engagement of such grantee, whichever is later. The grantee may exercise all options granted to him within twelve (12) months thereafter; or

(iii) If the grantee is on leave without pay accumulated for more than one hundred and eighty-three (183) days in any calendar year after the Listing Date, the vesting periods for all unvested options granted to him shall be respectively extended for twelve (12) months. If any such extension will result in the vesting period of any unvested options to cross beyond the date of the 6th anniversary of the Listing Date, such extension shall be deemed to be made up to the business day immediately prior to the date of the 6th anniversary of the Listing Date.

Application has been made to the Listing Committee of the Stock Exchange for the approval of the listing of and permission to deal in, 6,670,000 Shares to be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme.

***Outstanding options under the Pre-IPO Share Option Scheme***

As of the date of this prospectus, options to subscribe for an aggregate of 6,670,000 Shares (representing approximately 0.26% of the enlarged issued share capital of our Company immediately after completion of the Global Offering, without taking into account any Share which may be issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme) have been granted under the Pre-IPO Share Option Scheme to 98 eligible participants ("**Grantees**"). The Grantees comprise six Grantees who are Directors, directors of the subsidiaries of our Company or otherwise are connected persons of our Company ("**Connected Grantees**"), three Grantees who are members of our Company's senior management ("**Management Grantees**"), two Grantees who are other existing Shareholders ("**Existing Shareholder Grantees**"), and the remaining 87 Grantees who are 85 other employees and two consultants of our Group ("**Other Grantees**"). The two Existing Shareholder Grantees comprise Mr. Joel Castiel and Mr. Li Kin Kwok who hold 8,917,979 and 371,582 issued Shares, respectively. All the options under the Pre-IPO Share Option Scheme were granted on or before November 1, 2016 and no further options will be granted under the Pre-IPO Share Option Scheme prior to the Listing Date.

The Pre-IPO Share Options granted to the grantees under the Pre-IPO Share Option Scheme will be vested on the first, second and third anniversaries of the Listing Date in three approximately equal portions and will expire on the third anniversary of the vesting day (i.e. fourth, fifth and sixth anniversary of the Listing Date, respectively). No conditions are specified for the vesting and exercise of the Pre-IPO Share Options.

Assuming full vesting and exercise of the outstanding share options granted under the Pre-IPO Share Option Scheme, the dilution effect on our earnings per Share would be approximately 0.26% as calculated based on 2,560,000,000 Shares (without taking into account any Share which may be issued upon any exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme).

Based on the Offer Price of HK$3.47 per Share, being the high-end of the proposed Offer Price range, we estimate that the share-based compensation expenses we will recognize in the four years ending

December 31, 2016, December 31, 2017, December 31, 2018 and December 31, 2019 will amount to approximately HK$1.0 million, HK$5.9 million, HK$2.8 million and HK$1.1 million, respectively.

Particulars of the outstanding options conditionally granted under the Pre-IPO Share Option Scheme are set out below:

| | Grantee and position | Residential address | Number of underlying Shares to be issued upon full exercise of the Pre-IPO Share options | Percentage of issued share capital of our Company immediately following the completion of the Global Offering (without taking into account any Share which may be issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme) |
|---|---|---|---|---|
| **Connected Grantees** | | | | |
| 1. | Mr. LAM Yee Chun (林而聰)<br>*(Executive Director and Executive Chairman)* | Flat D, G/F, Silver Crest<br>75 Nga Tsin Wai Road<br>Kowloon Tong<br>Kowloon<br>Hong Kong | 398,000 | 0.0155% |
| 2. | Mr. LEE Chong Man Jason (李創文)<br>*(Executive Director and Co-Chief Executive Officer)* | 10/F, Grand Mansion<br>10 Playing Field Road<br>Kowloon<br>Hong Kong | 395,000 | 0.0154% |
| 3. | Mr. AU-YEUNG Tai Hong Rorce (歐陽泰康)<br>*(Executive Director and Co-Chief Executive Officer)* | 10B, Block 7<br>Cavendish Heights<br>33 Perkins Road<br>Jardine's Lookout<br>Hong Kong | 395,000 | 0.0154% |
| 4. | Mr. LO Siu Yuen (盧少源)<br>*(Executive Director and Chief Operation Officer)* | Flat D, 1/F, Block 3<br>Lakeview Garden<br>21 Yau On Street<br>Tai Wai<br>New Territories<br>Hong Kong | 390,000 | 0.0152% |
| 5. | Ms. CHAN Mei Wan (陳美雲)<br>*(Non-Executive Director and Vice Chairwoman)* | Flat D, G/F, Silver Crest<br>75 Nga Tsin Wai Road<br>Kowloon Tong<br>Kowloon<br>Hong Kong | 390,000 | 0.0152% |
| 6. | Mr. Chan Yat Chor (陳日初)<br>*(Plant General Manager)* | No. 30, 26 Street,<br>Fengcui Yuan, Phoenix City,<br>Xintang Town,<br>Zeng Cheng District,<br>Guangzhou, China | 150,000 | 0.0059% |

| | Grantee and position | Residential address | Number of underlying Shares to be issued upon full exercise of the Pre-IPO Share options | Percentage of issued share capital of our Company immediately following the completion of the Global Offering (without taking into account any Share which may be issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme) |
|---|---|---|---|---|
| **Management Grantees** | | | | |
| 7. | Mr. LIU Boyang (劉波陽)<br>*(Chief Investment Officer)* | Room 2102<br>Gangdaoyinzuo Building<br>3002 Jiefang Road<br>Luohu District<br>Shenzhen 518001<br>China | 385,000 | 0.0150% |
| 8. | Mr. CHAN Kam Shing (陳金成)<br>*(Chief Financial Officer)* | Flat H, 20/F., Hoi Tien Mansion<br>15 Tai Koo Wan Road<br>Quarry Bay | 385,000 | 0.0150% |
| 9. | Mr. CHEUNG Yeung Earnest (張陽)<br>*(Chief Commercial Officer)* | Flat B, 16/F., Tower 5<br>Larvotto, 8 Ap Lei Chau Praya Road<br>Ap Lei Chau, Hong Kong | 385,000 | 0.0150% |
| **Existing Shareholder Grantees** | | | | |
| 10. | Mr. Li Kin Kwok (李建國)(1)<br>*(Regional Director)* | 233, G/F.<br>Sai Keng Village<br>Sai Kung<br>New Territories<br>Hong Kong | 150,000 | 0.0059% |
| 11. | Mr. Joel Castiel(2)<br>*(Consultant)* | Hafarsmon 11 Zur Hdassa Israel | 100,000 | 0.0039% |
| **Other Grantees** | | | | |
| | 2 consultants | N/A | 70,000 | 0.0027% |
| | 85 employees | N/A | 3,077,000 | 0.1202% |
| | **Total** | | 6,670,000 | 0.2605% |

Notes:

(1) As of the Latest Practicable Date, Mr. Li holds 371,582 issued Shares

(2) As of the Latest Practicable Date, Mr. Castiel holds 8,917,979 issued Shares

Save as disclosed in the above paragraphs, no other options have been granted or agreed to be granted by our Company under the Pre-IPO Share Option Scheme or the Share Option Scheme as of the date of the prospectus.

***Waiver and Exemption***

Our Company has applied for and has been granted (i) a waiver from the Stock Exchange from strict compliance with the disclosure requirements under Rule 17.02(1)(b) and paragraph 27 of Appendix 1A to the Listing Rules; and (ii) an exemption from the SFC under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting the Company from strict compliance with the disclosure requirements of paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Please see the section headed "Waivers and Exemption from Strict Compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance — Waiver and Exemption in relation to the Pre-IPO Share Option Scheme" in this prospectus for details.

## F. OTHER INFORMATION

### 1. Litigation

As of the Latest Practicable Date, we are not aware of any other litigation or arbitration proceedings of material importance pending or threatened against us or any of our Directors that could have a material adverse effect on our financial condition or results of operations.

### 2. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including any Share which may be issued pursuant to the exercise of the Over-allotment Option and any options which have been or may be granted under the Pre-IPO Share Option Scheme or the Share Option Scheme). Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The fees to the Joint Sponsors were approximately US$1.2 million.

### 3. Compliance Adviser

Our Company has appointed Haitong International Capital Limited as the compliance adviser upon Listing in compliance with Rule 3A.19 of the Listing Rules.

### 4. Preliminary expenses

The preliminary expenses incurred by us in relation to our incorporation were approximately US$5,460 and were paid by us.

### 5. Promoter

We have no promoter for the purpose of the Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

## 6. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

| | |
|---|---|
| Ernst & Young | Certified Public Accountants, Hong Kong |
| BOCI Asia Limited | Licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO |
| Citigroup Global Markets Asia Limited | Licensed to conduct type 1 (dealing in securities), type 2 (dealing in future contracts), type 4 (advising on securities), type 5 (advising on future contracts), type 6 (advising on corporate finance) and type 7 (providing automated trading services) regulated activities under the SFO |
| King & Wood Mallesons | PRC legal advisers |
| Conyers Dill & Pearman | Cayman legal adviser |
| Frost & Sullivan | Industry consultant |

## 7. Consent of Experts

Each of the experts named in paragraph 6 has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or opinion and/or the references to its name included in this prospectus in the form and context in which it is respectively included.

## 8. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

## G. MISCELLANEOUS

Save as disclosed in this prospectus:

(a) within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no founders or management or deferred shares of the Company or any of its subsidiaries have been issued or agreed to be issued;

(iv) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any Share or loan capital of the Company or any of its subsidiaries; and

(v) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of our Share or any share in any of our subsidiaries.

(b) Save as disclosed in this prospectus, our Group had not issued any debentures nor did it have any outstanding debentures or any convertible debt securities.

(c) Our Directors confirm that:

(i) there has been no material adverse change in our financial or trading position or prospects of the Group since May 31, 2016 (being the date to which the latest audited combined financial statements of the Group were prepared); and

(ii) there is no arrangement under which future dividends are waived or agreed to be waived; and

(iii) there has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this prospectus.

(d) Our principal register of members will be maintained by our principal registrar, Codan Trust Company (Cayman) Limited, in the Cayman Islands and our Hong Kong register of members will be maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Hong Kong Share Registrar and may not be lodged in the Cayman Islands.

(e) All necessary arrangements have been made to enable our Shares to be admitted into CCASS for clearing and settlement.

(f) No company within our Group is presently listed on any stock exchange or traded on any trading system.

## H. BILINGUAL PROSPECTUS

The English and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

## 1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) copies of each of the **WHITE**, **YELLOW**, **GREEN** and **PINK** Application Forms;

(b) a copy of each of the material contracts referred to the section headed "Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts" in Appendix IV to this prospectus; and

(c) the written consents referred to in the section headed "Statutory and General Information — F. Other Information — 7. Consent of Experts" in Appendix IV to this prospectus.

## 2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Clifford Chance, 27th Floor, Jardine House, One Connaught Place, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) our Memorandum and Articles of Association;

(b) the Accountants' Report from by Ernst & Young, the texts of which are set out in Appendix I to this prospectus;

(c) the report from Ernst & Young in respect of the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;

(d) the audited combined financial statements of the Group for the years ended December 31, 2013, 2014 and 2015 and the five months ended May 31, 2016;

(e) the legal opinions issued by King & Wood Mallesons, our PRC legal advisers in respect of certain aspects of the PRC subsidiary of the Group;

(f) the letter of advice issued by Conyers Dill & Pearman, our Cayman legal advisers, summarizing the certain aspects of Cayman Company Law referred to in Appendix III to this prospectus;

(g) the Cayman Company Law;

(h) the material contracts referred to the section headed "Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts" in Appendix IV to this prospectus;

(i) the written consents referred to in the section headed "Statutory and General Information — F. Other Information — 7. Consent of Experts" in Appendix IV to this prospectus;

(j) the service contracts and letters of appointment entered into between the Company and each of the Directors;

(k) the final report in relation to independent market research on gen-set system integration and distributed power generation industry prepared by Frost & Sullivan;

(l) the full list of all the grantees of the Pre-IPO Share Option Scheme, containing all the details in respect of each option required under paragraph 10 of the Third Schedule of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and Rule 17.02(1)(b) of and paragraph 27 of Part A of Appendix I to the Listing Rules;

(m) the Pre-IPO Share Option Scheme; and

(n) the Share Option Scheme.


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