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VPOWER GROUP INTERNATIONAL HOLDINGS LIMITED

偉能集團國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1608)

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

EQUIPMENT PURCHASE AGREEMENT AND EQUIPMENT LEASE FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 24 May 2024 in relation to, among other things, (i) the potential disposal of power generation fixed assets and inventory by the Group for cash consideration to an asset management platform to be set up by CNTIC; and (ii) the potential leasing arrangements between the Group and the asset management platform of CNTIC for use of the same assets by the Group for execution of its power projects.

The Board is pleased to announce that on 4 September 2024 (after trading hours):

- (1) CNTIC Capital as Buyer 1, CNTIC as Buyer 2 for itself and on behalf of its subsidiaries or associates and VGH, VH and VML as Sellers entered into the Equipment Purchase Agreement, pursuant to which,
 - (i) Buyer 1 agreed to purchase the Equipment Batch 1 and VGH agrees to sell the Equipment Batch 1 on an “as is” and “where is” basis for a price of the US\$ equivalent of RMB610,488,119 (approximately HK\$671,537,000) (subject to adjustment);
 - (ii) Buyer 2 agreed for itself and on behalf of its subsidiaries or associates to purchase the Equipment Batch 2 and each of the Sellers agrees to sell the Equipment Batch 2 on an “as is” and “where is” basis for a price of RMB660,811,889 (approximately HK\$726,893,000) (subject to adjustment); and
 - (iii) Buyer 2 further agreed for itself and on behalf of its subsidiaries or associates to purchase the Last Batch Equipment, and VGH and VH further agreed to sell the Last Batch Equipment on an “as is” and “where is” basis for an aggregate price of up to RMB341,668,962 (approximately HK\$375,836,000) (subject to adjustment) upon fulfilment of further conditions; and

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

EPC SERVICES FRAMEWORK AGREEMENT

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

ETS SUPPLY FRAMEWORK AGREEMENT

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

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

LISTING RULES IMPLICATIONS

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

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

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

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

GENERAL

The Proposed Caps and the transactions contemplated under the Equipment Purchase Agreement, the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement are subject to the approval by the Independent Shareholders at the EGM by way of poll. The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in relation to the Equipment Purchase Agreement, the Equipment Lease Framework Agreement, the EPC Services Framework Agreement, the ETS Supply Framework Agreement, the transactions contemplated thereunder and the Proposed Caps (including the Leasing Proposed Caps, the EPC Proposed Caps and the ETS Proposed Caps). An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Circular containing, among other things, (i) details of the Equipment Purchase Agreement, the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement, the transactions contemplated thereunder and the Proposed Caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iv) a notice of the EGM, and (v) other information that is required to be included under the Listing Rules, is expected to be despatched to the Shareholders on or before 25 September 2024 as additional time is required to prepare and finalise the relevant information to be included in the Circular.

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

BACKGROUND

Reference is made to the announcement of the Company dated 24 May 2024 in relation to, among other things, (i) the potential disposal of power generation fixed assets and inventory by the Group for cash consideration to an asset management platform to be set up by CNTIC; and (ii) the potential leasing arrangements between the Group and the asset management platform of CNTIC for use of the same assets by the Group for execution of its power projects.

The Board is pleased to announce that on 4 September 2024 (after trading hours),

- (1) CNTIC Capital as Buyer 1, CNTIC as Buyer 2 for itself and on behalf of its subsidiaries or associates and VGH, VH and VML as Sellers entered into the Equipment Purchase Agreement, pursuant to which, each of the Sellers agreed to sell to the Buyers, and each of the Buyers agrees to purchase from the Seller, the Equipment and, in the case of the Last Batch Equipment, Buyer 2 further agreed for itself and on behalf of its subsidiaries or associates to purchase and each of VGH and VH further agreed to sell such Last Batch Equipment, free from all encumbrances, on an “as is” and “where is” basis; and
- (2) CNTIC Capital as the Lessor Entity and the Company as the Lessee Entity entered into the Equipment Lease Framework Agreement, pursuant to which the parties agree that, subject to the Leasing Proposed Caps, the Equipment Purchase Agreement and the transactions contemplated under the Equipment Lease Framework Agreement having been approved by the Independent Shareholders by way of poll at the EGM in compliance with the Listing Rules, and at the request of the Company (by itself or on behalf of other members of the Group), the Lessor Entity for itself, or on behalf of any of its subsidiaries or any of its associate(s) against which it shall procure

the entering of such leases, shall lease the Lease Equipment, as may be agreed from time to time, to the Lessee Entity (or any such other members of the Group) in accordance with the terms of the relevant Equipment Lease Agreement(s).

EQUIPMENT PURCHASE AGREEMENT

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

Date

4 September 2024 (after trading hours)

Parties

- (i) CNTIC Capital, as Buyer 1;
- (ii) CNTIC, as Buyer 2 for itself and on behalf of its subsidiaries or associates;
- (iii) VGH, as Seller;
- (iv) VH, as Seller; and
- (v) VML, as Seller.

Subject matter

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

- (i) Buyer 1 agreed to purchase the Equipment Batch 1 and VGH agreed to sell the Equipment Batch 1 on an “as is” and “where is” basis for a price of the US\$ equivalent of RMB610,488,119 (approximately HK\$671,537,000) (subject to adjustment);
- (ii) Buyer 2 agreed for itself and on behalf of its subsidiaries or associates to purchase the Equipment Batch 2 and each of the Sellers agreed to sell the Equipment Batch 2 on an “as is” and “where is” basis for a price of RMB660,811,889 (approximately HK\$726,893,000) (subject to adjustment); and
- (iii) Buyer 2 further agreed for itself and on behalf of its subsidiaries or associates to purchase the Last Batch Equipment which comprises certain sub-batches of equipment, and VGH and VH further agreed to sell the Last Batch Equipment on an “as is” and “where is” basis for an aggregate price of up to RMB341,668,962 (approximately HK\$375,836,000) (subject to adjustment) upon fulfilment of further conditions as set out in the section headed “**Equipment Purchase Agreement — Last Batch Equipment Closing**” below.

Price and Last Batch Equipment Price

The Price of RMB1,271,300,008 (approximately HK\$1,398,430,000) (RMB610,488,119 (approximately HK\$671,537,000) of which shall be paid in the US\$ equivalent), being the sum of the Equipment Batch 1 Price and the Equipment Batch 2 Price, or the Final Price (as may be adjusted under the section headed “Equipment Purchase Agreement — Price Adjustment” below), shall be paid by the Buyers on the Closing Date.

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

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

Price Adjustment

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

To the extent that the Price and/or the Last Batch Equipment Price deviates from the Appraised Value, the parties shall make adjustments to the Price and the Last Batch Equipment Price and agree on to the final adjusted price (the “**Final Price**”) to align with the Appraised Value.

There is no limitation or range for the adjustment of the Price and the Last Batch Equipment Price and it is expected that the Final Price will be determined and disclosed in the Circular. The Directors expect that there will be no material difference between the Price and the Last Batch Equipment Price and the Final Price.

Valuation

The Company has engaged the Valuer, a registered valuer in the PRC, to conduct valuation on the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment and to prepare the Valuation Report.

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

The scope of work performed by the Valuer includes preparation for assessment, on-site inspections, data collection from various sources, asset value estimations and internal audits prior to the issuance of the Draft Valuation Report. There are no limitations on their scope of work noted. The Valuer obtained relevant financial information, operational information and other relevant data concerning the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment from the Company.

In arriving at the appraised value of the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment, the Valuer considered cost approach, market approach and income approach. According to the Draft Valuation Reports, considering that (i) there is no active trading market for the relevant used equipment; (ii) the future revenue from the relevant used equipment is uncertain; and (iii) their resetting costs and associated depreciations can be reasonably estimated and obtained, the Valuer adopted the cost approach in arriving the Valuation.

Based on the Draft Valuation Reports, the principal assumptions of the Valuation are summarised as follows:

1. the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment are in the process of being traded, the Valuer's estimate based on simulated markets including the transaction conditions of the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment;
2. the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment are traded in the market, or intended for market transactions, where the parties in the asset transaction are in equal positions, have opportunities and time to obtain sufficient market information, engage in voluntary and rational transactions, and are able to make sensible judgments on the function, uses, and transaction prices of the assets;
3. there will be no significant changes in the political, economic, and social environments of countries and regions after the date of the Valuation;
4. there will be no significant changes in national macroeconomic policies, industrial policies, and regional development policies after the date of the Valuation;
5. there will be no significant changes after the date of the Valuation in relevant factors such as interest rates, exchange rates, tax bases and rates, policy-related levies, etc;
6. unless stated otherwise, the Company fully complies with all relevant laws and regulations;

7. there will be no major adverse impacts caused by force majeure after the date of the Valuation; and
8. unless stated otherwise, the Equipment Batch 1 will be utilised in the same location as its original intended use, while the Equipment Batch 2 and the Last Batch Equipment will be either utilised in the same location or different locations as their original intended use.

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

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

Note:

1. The equipment purchase costs mainly include free on board (FOB) offshore purchase costs along with associated expenses including overseas transportation fee, insurance fee, customs duty, bank financial fee, import agency fee and domestic miscellaneous transportation fee.
2. The integrated depreciation rate represents the weighted average remaining useful years of the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment (the “Weighted Average Remaining Useful Years”) divided by the sum of the Weighted Average Remaining Useful Years and the weighted average years already used for the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment.
3. The net book value of the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment has been translated into RMB at the rate of HK\$1=RMB0.91268, representing the exchange rate as published by the People’s Bank of China as at 28 June 2024.

Based on the above table, the appreciation is mainly attributable to (i) the increase in FOB offshore purchase costs of the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment; and (ii) the adoption of longer useful economic life of the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment in the Valuation than their depreciation period adopted in the financial statements of the Company.

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

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

Conditions

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

- (i) each of the representations, warranties and covenants of each of the Sellers contained in the Equipment Purchase Agreement shall have been true, accurate and complete in all material aspects when made and shall be true, accurate and complete in all material aspects on and as of the Closing Date and the respective Last Batch Equipment Closing Date (as may be applicable) with the same effect as though such representations, warranties and covenants had been made on and as of the Closing Date and the respective Last Batch Equipment Closing Date (as may be applicable), except in either case for those warranties that address matters only as of a particular date, which warranties will have been true and complete as of such date;
- (ii) each of the Sellers shall have entered into and delivered the Transaction Documents in the form and substance satisfactory to the Buyers;
- (iii) each of the Sellers shall have obtained or made the Necessary Approvals and such Necessary Approvals as may be required to transfer and assign the registered, legal and beneficial ownership interest in the Equipment and the Last Batch Equipment (if applicable) in full to the Buyers, and further that all such Necessary Approvals shall remain valid, unconditional (wherein any conditions related to the Necessary Approvals shall be customary and acceptable to the Buyers at their discretion) and effective up to and including the time immediately prior to the Closing Date and the respective Last Batch Equipment Closing Date (as may be applicable) and have not been revoked, terminated or suspended;
- (iv) each of the Sellers shall have completed and finalised the itemised appraisal of the Equipment and the Last Batch Equipment from a reputable appraisal firm approved by the Buyers, the Draft Valuation Report and the Valuation Report shall be mutually agreed by the parties and delivered to the Buyers prior to the issuance of the Circular;
- (v) the necessary resolutions on the approval of the execution and delivery of the Transaction Documents and the performance of the obligations by each of the Sellers thereunder shall have been duly approved by the Board and the Independent Shareholders (as the case may be) at the EGM in accordance with the applicable requirements under the Listing Rules in respect of the transactions contemplated under the Transaction Documents, with such resolutions not having been revoked or vitiated;

- (vi) the shareholders' meeting of each of the Sellers shall have duly adopted written resolutions approving its execution and delivery of the Transaction Documents and the performance of its obligations thereunder in respect of the transactions contemplated under the Transaction Documents that may be applicable to such Seller, with such resolutions not having been revoked or vitiated;
- (vii) the board of directors of each of the Sellers shall have duly resolved to approve its execution and delivery of the Transaction Documents and the performance of its respective obligations thereunder, with such resolutions not having been revoked or vitiated; and
- (viii) the Buyers shall have obtained all necessary approvals (including but not limited to approvals and/or filings required by state-owned asset supervision and administration regulations, and approval of the board and shareholders of the Buyers) to authorise and approve the execution and delivery of the Equipment Purchase Agreement and consummation of the Disposal.

If any conditions above cannot be satisfied (or waived, where applicable) on or before the Long Stop Date, the parties shall discuss in good faith whether the Disposal will proceed or not.

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

Closing

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

- (i) VGH shall deliver to Buyer 1 the duly signed bill of sale in respect of Equipment Batch 1; and
- (ii) VGH, VH and VML shall deliver to Buyer 2 (and/or its subsidiaries and/or associates) the duly signed bill of sale in respect of Equipment Batch 2,

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

Last Batch Equipment Closing

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

- (i) Purchase of the Last Batch Equipment by Buyer 2 (and/or its subsidiaries and/or associates) may be completed in multiple transactions, provided that sale and purchase of a sub-batch of the Last Batch Equipment (in such mutually agreed configuration) must be completed in whole but not in part.
- (ii) On or before the seventh Business Day before the Last Purchase Date (or other date as may be agreed by the parties below), Buyer 2 (and/or its subsidiaries and/or associates) shall, upon obtaining its further specific approval, issue the Last Batch Equipment Purchase Notice, whereupon within seven Business Days of the date of such Last Batch Equipment Purchase Notice:
 - (a) VGH or VH shall deliver the duly signed bill of sale in respect of the relevant sub-batch(es) of the Last Batch Equipment to Buyer 2 (and/or its subsidiaries and/or associates) in accordance with the Last Batch Equipment Purchase Notice; and
 - (b) Buyer 2 (and/or its subsidiaries and/or associates) shall pay the relevant sub-batch(es) of the Last Batch Equipment Price on the Last Batch Equipment Closing Date,

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

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

In the event that further specific approval to purchase any part or all of the Last Batch Equipment cannot be obtained from Buyer 2 (and/or its subsidiaries and/or associates) before the Last Purchase Date, the parties may enter into an agreement to extend the Last Purchase Date for the period of one year (the “**Extended Last Purchase Date**”) and the Last Batch Equipment Closing Date shall be correspondingly extended so that it falls on or before the Extended Last Purchase Date (the “**Extended Last Batch Equipment Closing Date**”), and mutually agree to adjust the Last Batch Equipment Price

in respect of any unsold sub-batch(es) of the Last Batch Equipment in accordance to the appraised value of such unsold sub-batch(es) of the Last Batch Equipment under an updated version of the Valuation Report (which shall be mutually agreed by the parties) prepared by an independent valuer, which shall remain valid as at the Extended Last Batch Equipment Closing Date. The entering into of any new agreement between the parties and the performance of obligations contemplated thereunder by the Company shall comply with the then prevailing Listing Rules.

Termination

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

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

- (a) commits a breach of any of its material obligations under the Equipment Purchase Agreement and fails to rectify it within 30 days of the receipt of the written notice of rectification issued by the other party;
- (b) is in the process of liquidation (either voluntary or compulsory), or any of its assets is enforced; or
- (c) makes a general assignment for the benefit of its creditors, become insolvent or have a receiver appointed.

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

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

Force majeure

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

If any Force Majeure Event occurs, neither party shall be responsible for any damage, increased cost or loss which the other party may sustain by reason of the failure or delay of performance resulting therefrom, and such failure or delay shall not be deemed a breach of the Equipment Purchase

Agreement. The party claiming a Force Majeure Event shall take appropriate measures to minimise or remove the effects of the Force Majeure Event and exert efforts to resume full performance of its obligations thereunder as early as possible.

INFORMATION ABOUT THE EQUIPMENT AND THE LAST BATCH EQUIPMENT

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

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

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

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

The unaudited net book value of the Equipment and the Last Batch Equipment as at 31 December 2023 was approximately HK\$1,476 million.

EQUIPMENT LEASE FRAMEWORK AGREEMENT

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

Date

4 September 2024 (after trading hours)

Parties

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

(ii) the Company, as the Lessee Entity

Subject matter

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

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

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

- (a) the terms of the Leasing CCT must be fair and reasonable and in the interest of the Shareholders as a whole;
- (b) the Leasing CCT shall be on terms no less favourable to the Group than the terms offered by independent third parties;
- (c) the Leasing CCT shall be in the ordinary and usual course of business of the Group and conducted after arm's length negotiations;
- (d) the Leasing CCT shall not exceed the Leasing Proposed Caps without re-complying with the requirements of the Listing Rules with regard to continuing connected transactions, unless such Leasing Proposed Caps shall be refreshed and revised by Independent Shareholders at a general meeting held during the course of the particular financial year;

- (e) the entering and performance of any of such Equipment Lease Agreement(s) shall comply with all applicable laws, registrations, filings or approvals as may be imposed by any governmental authorities over which it has jurisdiction and the Lessee Entity (and/or its subsidiaries and/or its associates) or relevant member of the Group as lessee, shall be responsible for and bear all the costs and expenses relating to any such registrations, filing or approvals; and
- (f) in the event that any of the registrations, filings or approvals are subject to conditions by the relevant governmental authorities, the Lessor Entity (and/or its subsidiaries and/or its associates) shall be entitled, at its sole and absolute discretion, determine the reasonableness and acceptability of such conditions.

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

Term

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

Annual Caps

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

The Lessor Entity acknowledged that the transactions contemplated under the Equipment Lease Framework Agreement will constitute continuing connected transactions of the Company under the Listing Rules, and its performance of duties and obligations under the Equipment Lease Framework Agreement by the Lessor Entity (and/or its subsidiaries and/or its associates) will be subject to compliance by the Company with such other requirements as may be prescribed under the Listing Rules for such transactions.

Lease Payment

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

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

Conditions

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

- (i) All representations, warranties and undertakings given by the Lessor Entity and the Lessee Entity under the Equipment Lease Framework Agreement remaining valid, true and accurate in all material respects;
- (ii) The Independent Shareholders having approved the Equipment Purchase Agreement and the transactions contemplated thereunder, the Equipment Lease Framework Agreement and the transactions contemplated hereunder (including the Leasing Proposed Caps in relation to the rents of the Lease Equipment) by way of poll at the EGM;
- (iii) (if necessary) all authorities, authorisations, approvals, consents, waivers and permits which are necessary or relevant to give effect to the Equipment Lease Framework Agreement and the Leasing CCT having been granted, received or obtained and not revoked or suspended; and
- (iv) The Equipment Purchase Agreement having been completed in accordance with its terms.

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

Irrevocable Undertakings

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

such information as may be provided by the Lessor Entity shall be subject to the strictest confidentiality and be shared amongst the persons above stated only on a need to know basis and not be disclosed to any parties or made publicly available in any manner whatsoever without the express written permission of the Lessor Entity.

Termination

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

- (a) on notice given by either party at any time following any material breach by the other party of its obligations hereunder; or
- (b) on the expiry of the term unless otherwise renewed by the parties.

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

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

Equipment Lease Agreement

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

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

Rent

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

Term

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

Transfer of lease equipment Upon Termination

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

LEASING PROPOSED CAPS AND THE BASIS OF DETERMINATION

The transaction amount under the Equipment Lease Framework Agreement for each of the respective year/period will not exceed the following Leasing Proposed Caps:

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

The Leasing Proposed Caps under the Equipment Lease Framework Agreement were determined based on (i) the power generation capacity requirement of the Group's power generation projects during the term of the Equipment Lease Framework Agreement; (ii) the rents of equipment based on the power generation capacity of the Lease Equipment; (iii) the expectation that the Leasing will be entered into around late 2024 (subject to the completion of the Equipment Purchase Agreement and the Equipment Lease Framework Agreement) and none of the Leasing will be entered into the years ending 31 December 2025 and 2026 and the period from 1 January 2027 to the end of the term of the Equipment Lease Framework Agreement; and (iv) the value of the Group's rights to use the Lease Equipment during the term of the Equipment Lease Framework Agreement which is initially measured on present value basis and calculated by discounting the expected lease payments, using the incremental borrowing rate as the discount rate. Therefore, the Leasing Proposed Caps represent the estimated annual caps on the right-of-use assets for the Lease Equipment for each of the above respective year/period.

THE EPC SERVICES FRAMEWORK AGREEMENT

Background

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

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

Date

4 September 2024 (after trading hours)

Parties

- (i) CNTIC, as supplier; and
- (ii) the Company, as purchaser

Term

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

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

Scope of services

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

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

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

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

- (a) the terms of the EPC Services CCT shall be determined after arm's length negotiations between the members of the CNTIC Group and the Group, and the terms of the specific agreement must be fair and reasonable and in the interest of the Shareholders as a whole;
- (b) the EPC Services CCT shall be on terms that are no less favourable to the Group when compared with terms that the Group would be able to obtain from independent third party suppliers; and
- (c) the annual transaction amounts under the EPC Services CCT shall not exceed the EPC Proposed Caps, and where such EPC Proposed Caps are likely to be exceeded, any further EPC Services CCT shall not proceed unless and until the Company has complied with the requirements of the Listing Rules with regard to new annual caps, approved by the independent non-executive Directors and (if applicable) the Independent Shareholders at a general meeting held, and the Company having complied with such other requirements as may be prescribed under the Listing Rules for the refreshed annual caps. In a case where the refreshed annual caps are not approved in

accordance with the requirements under the Listing Rules, CNTIC and the Company shall negotiate in good faith to ensure that the implementation of the remaining specific agreements will not violate the provisions of the Listing Rules and fall within the limits of the EPC Proposed Caps.

Pricing policy

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

Annual caps

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

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

Termination

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

EPC PROPOSED CAPS AND THE BASIS OF DETERMINATION

The transaction amount under the EPC Services Framework Agreement for each of the respective year/period will not exceed the following EPC Proposed Caps:

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

The EPC Proposed Caps under the EPC Services Framework Agreement were determined based on (i) the existing contract pipeline of the Group's power generation projects on hand; (ii) the power generation projects identified by the Group and expected to bid for, (iii) the Group's estimation of the size of those power generation projects, and (iv) the expected completion time of those power generation projects. Therefore, the EPC Proposed Caps represent the estimated aggregated contract sum of the EPC Services to be sourced from CNTIC for each of the above respective year/period.

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

ETS SUPPLY FRAMEWORK AGREEMENT

Background

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

For the better management of the transactions between the Group and the CNTIC Group and in view of CNTIC's demand for procurement of equipment and related accessories and technical services in relation to its engineering project business, on 4 September 2024 (after trading hours), CNTIC (as purchaser), the Company (as supplier) and VH (as former supplier) entered into the ETS Supply Framework Agreement, pursuant to which (i) subject to the ETS Proposed Caps and the transactions contemplated under the ETS Supply Framework Agreement having been approved by the Independent

Shareholders by way of poll at the EGM in compliance with the Listing Rules the Company (for itself and on behalf of the Group) may provide the Equipment and Technical Services to the CNTIC Group from time to time; and (ii) VH and CNTIC agreed to terminate the Gen-sets Supply Framework Agreement on the Date of Shareholders' Approval for ETS.

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

Date

4 September 2024 (after trading hours)

Parties

- (i) CNTIC, as purchaser;
- (ii) the Company, as supplier; and
- (iii) VH, as the former supplier

Term

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

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

Termination of the Gen-sets Supply Framework Agreement

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

Nature of Transaction

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

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

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

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

- (a) the terms of the ETS Supply CCT shall be determined after arm's length negotiations between the members of the Group and the CNTIC Group, and the terms of the specific agreement must be fair and reasonable and in the interest of the Shareholders as a whole;
- (b) the ETS Supply CCT shall be on terms that are no less favourable to the Group than those offered by the Group to its independent third party customers; and
- (c) the annual transaction amounts under the ETS Supply CCT shall not exceed the applicable ETS Proposed Caps, and where such ETS Proposed Caps are likely to be exceeded, any further ETS Supply CCT shall not proceed unless and until the Company has complied with the requirements of the Listing Rules with regard to the refreshed annual caps and the ETS Proposed Caps, approved by the independent non-executive Directors and (if applicable) the Independent Shareholders at a general meeting held, and the Company having complied with such other requirements as may be prescribed under the Listing Rules for the refreshed annual caps. In a case where the refreshed annual caps are not approved in accordance with the requirements under the Listing Rules, the Company and CNTIC shall negotiate in good faith to ensure the implementation of the remaining specific agreements will not violate the provisions of the Listing Rules and fall within the limits of the ETS Proposed Caps.

Pricing policy

The prices of the Equipment and Technical Services shall be determined from time to time and on arm's length basis with reference to (i) the costs of the Equipment and Technical Services; (ii) the selling prices of the equipment with comparable specifications offered by the Group to its independent customers within a year; and (iii) the Group's internal pricing policy of charging for technical services based on manhour. The final price for each transaction may be negotiated based on further detailed

equipment specifications, quantity, inventory availability and payment terms, subject to the incorporation of a reasonable profit margin which should be agreed by the relevant department head and the management. In any cases, the prices of the Equipment and Technical Services offered by the Group to CNTIC Group shall be no less favourable to the Group than those offered by the Group to independent customers in transactions of similar nature.

Annual caps

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

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

Termination

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

HISTORICAL TRANSACTION AMOUNT

The historical transaction amounts pursuant to the Gen-sets Supply Framework Agreement for the period from 23 May 2024 up to the date of this announcement are as follows:

	Up to the date of this announcement
	<i>US\$'000</i>
Annual cap for the Gen-sets Supply Framework Agreement for the twelve months ending 22 May 2025	9,000
Actual sales (unaudited)	9,000
Utilisation	100%

The Group has fully utilised the annual cap under the Gen-sets Supply Framework Agreement as of the date of this announcement.

ETS PROPOSED CAPS AND THE BASIS OF DETERMINATION

The transaction amount under the ETS Supply Framework Agreement for each of the respective year/period will not exceed the following ETS Proposed Caps:

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

The ETS Proposed Caps under the ETS Supply Framework Agreement were determined based on (i) the selling price of equipment and related accessories with specifications comparable to the equipment and related accessories that the Group sold to CNTIC and independent customers; (ii) the selling price of technical services comparable to the technical services that the Group provided to independent customers; and (iii) CNTIC's demand for the Equipment and Technical Services during the term of the ETS Supply Framework Agreement. Therefore, the ETS Proposed Caps represent the estimated aggregated transaction amount for the provision of Equipment and Technical Services to CNTIC for each of the above respective year/period.

INTERNAL CONTROL

The Company has implemented the following internal control measures to ensure that the Proposed Caps for the transactions contemplated under the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement will not be exceeded:

- (i) the Group has an internal system to trace, monitor and evaluate the transaction amounts under the Framework Agreements regularly to ensure that the Proposed Caps will not be exceeded; and
- (ii) the Group will comply with the annual review requirements in respect of the transactions contemplated under the Framework Agreements in accordance with Chapter 14A of the Listing Rules.

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

INFORMATION ABOUT THE PARTIES

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

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

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

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

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

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

FINANCIAL IMPLICATIONS AND USE OF PROCEEDS FROM THE DISPOSAL

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

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

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

The Group's principal businesses include SI and IBO.

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

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

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

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

Considering the current financial, indebtedness and liquidity position of the Group, the Disposal represents an opportunity for the Group to monetise the assets at a fair and reasonable price for immediate cash inflow to repay the short-term borrowings and hence reduce its overall debt burden and corresponding finance costs. The improved financial metrics such as debt-to-equity ratio, interest coverage ratio, and return on assets will also empower the Group with the ability to facilitate other fundraising activities in the future.

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

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

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

Based on the above, the Directors (excluding the independent non-executive Directors, whose view after considering the advice of the independent financial adviser will be provided in the Circular) consider that (i) the terms of the Equipment Purchase Agreement and the Equipment Lease Framework

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

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

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

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

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

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

In view of the above, the Directors (excluding the independent non-executive Directors, whose view after considering the advice of the independent financial adviser will be provided in the Circular) consider that (i) the terms of the EPC Services Framework Agreement and the ETS Supply Framework

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

LISTING RULES IMPLICATIONS

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

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

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

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

GENERAL

The Proposed Caps and the transactions contemplated under the Equipment Purchase Agreement, the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement are subject to the approval by the Independent Shareholders at the EGM by way of poll. The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in relation to the Equipment Purchase

Agreement, the Equipment Lease Framework Agreement, the EPC Services Framework Agreement, the ETS Supply Framework Agreement, the transactions contemplated thereunder and the Proposed Caps (including the Leasing Proposed Caps, the EPC Proposed Caps and the ETS Proposed Caps). An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Circular containing, among other things, (i) details of the Equipment Purchase Agreement, the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement, the transactions contemplated thereunder and the Proposed Caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iv) a notice of the EGM, and (v) other information that is required to be included under the Listing Rules, is expected to be despatched to the Shareholders on or before 25 September 2024 as additional time is required to prepare and finalise the relevant information to be included in the Circular.

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

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for CNTIC and its associates who shall abstain from the voting on the relevant resolutions to approve the Equipment Purchase Agreement, the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement, the transactions contemplated thereunder and the Proposed Caps, no other Shareholder has a material interest in the Disposal, the Leasing CCT, the EPC Services CCT and the ETS Supply CCT and no other Shareholder is therefore required to abstain from voting at the EGM for the relevant resolutions.

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

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Appraised Value”	the value of the Equipment and the Last Batch Equipment in the Valuation Report
“associate(s)”	the meaning as defined in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday or Sunday or statutory public holiday in Hong Kong or the PRC and a day on which a typhoon signal number 8 or above or a black rainstorm is hoisted in Hong Kong at any time) on which the Stock Exchange is open for the transaction of business and on which the banks are open for business in Hong Kong and the PRC
“Buyer 1”	CNTIC Capital
“Buyer 2”	CNTIC
“Buyers”	Buyer 1 and Buyer 2, buyers of the Equipment and the Last Batch Equipment
“Central SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Circular”	the circular of the Company to be despatched in respect of the Equipment Purchase Agreement, the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement, the transactions contemplated thereunder and the Proposed Caps
“Closing”	closing of the disposal of the Equipment in accordance with the Equipment Purchase Agreement
“Closing Date”	the date on which Closing occurs
“CNTIC”	China National Technical Import & Export Corporation (中國技術進出口集團有限公司), a wholly owned subsidiary of Genertec which is under the direct supervision of Central SASAC
“CNTIC Capital”	CNTIC Capital (Hong Kong) Co., Limited (中技資本香港有限公司), a company incorporated in Hong Kong with limited liability and a 95% owned subsidiary of CNTIC

“CNTIC Group”	CNTIC, its subsidiaries and associates from time to time
“Company”	VPower Group International Holdings Limited (偉能集團國際控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1608) and parent company of the Sellers
“connected person(s)”	the meaning as defined in the Listing Rules
“Date of Shareholders’ Approval for EPC”	the date of EGM on which the EPC Proposed Caps and the transactions contemplated under the EPC Services Framework Agreement having been approved by the Independent Shareholders by way of poll in compliance with the Listing Rules
“Date of Shareholders’ Approval for ETS”	the date of EGM on which the ETS Proposed Caps and the transactions contemplated under the ETS Supply Framework Agreement having been approved by the Independent Shareholders by way of poll in compliance with the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Equipment and the Last Batch Equipment (if applicable), by the Sellers to the Buyers pursuant to the Equipment Purchase Agreement
“Draft Valuation Report”	the draft valuation report of the Equipment and the Last Batch Equipment prepared by China Enterprise Appraisals Consultation Co., Ltd., an independent valuer approved by the Buyer
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Equipment Purchase Agreement, the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement, the transactions contemplated thereunder and the Proposed Caps
“EPC”	engineering, procurement and construction
“EPC Contractor Services”	a particular form of contracting arrangement where the contractor is made responsible for all the activities from design, procurement, construction, to commissioning and handover of the project to the end-user or owner

“EPC Proposed Caps”	the annual caps for the transactions contemplated under the EPC Services Framework Agreement
“EPC Services”	the EPC Contractor Services and the engineering, procurement and construction services, on a separate engagement basis, which the CNTIC Group may provide to the Group under the EPC Services Framework Agreement
“EPC Services CCT”	the continuing connected transactions contemplated under the EPC Services Framework Agreement
“EPC Services Framework Agreement”	the framework agreement dated 4 September 2024 entered into between CNTIC as the supplier and the Company as the purchaser in relation to the procurement of the EPC Services by the Company (for itself and on behalf of the Group) from CNTIC (for itself or on behalf of its subsidiaries)
“Equipment”	collectively the Equipment Batch 1 and the Equipment Batch 2 or any of them
“Equipment and Technical Services” or “ETS”	the equipment and related accessories supply and technical service supply as may be provided by the Group to the CNTIC Group under the ETS Supply Framework Agreement
“Equipment Batch 1”	the equipment identified in the Equipment Purchase Agreement to be sold by VGH to Buyer 1 as described in the section as set out in the section headed “Information about the Equipment and the Last Batch Equipment” and refers to the same batch of equipment identified as the Lease Equipment
“Equipment Batch 1 Price”	the US\$ equivalent of RMB610,488,119 (approximately HK\$671,537,000) (subject to adjustment)
“Equipment Batch 2”	the equipment identified in the Equipment Purchase Agreement to be sold by the Sellers to Buyer 2 (and/or its subsidiaries and/or associates) as described in the section as set out in the section headed “Information about the Equipment and the Last Batch Equipment”
“Equipment Batch 2 Price”	a price of RMB660,811,889 (approximately HK\$726,893,000) (subject to adjustment)

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

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a committee of the Board established with all independent non-executive Directors, namely Mr. Suen Wai Yu, Dr. Wang Zheng and Dr. Lin Tun as members
“Independent Shareholder”	the Shareholders other than CNTIC and its associates and those Shareholders who are otherwise interested or involved in the entering into of the Equipment Purchase Agreement, the Equipment Lease Framework Agreement, the EPC Services Framework Agreement and the ETS Supply Framework Agreement, the transactions contemplated thereunder and the Proposed Caps and are required to abstain from voting in the EGM
“independent third party(ies)”	persons and entities that are not connected persons
“Last Batch Equipment”	the equipment identified in the Equipment Purchase Agreement to be sold by VGH and VH to Buyer 2 (and/or its subsidiaries and/or associates) as described in the section as set out in the section headed “Information about the Equipment and the Last Batch Equipment”
“Last Batch Equipment Closing”	the closing and completion of each batch of the sale and purchase of the relevant Last Batch Equipment in accordance with the Equipment Purchase Agreement
“Last Batch Equipment Closing Date”	the respective date when the duly signed bill of sale in respect of the relevant Last Batch Equipment has been delivered in accordance with the Equipment Purchase Agreement
“Last Batch Equipment Price”	an aggregate price of up to RMB341,668,962 (approximately HK\$375,836,000) (subject to adjustment)
“Last Batch Equipment Purchase Notice”	a notice in writing from Buyer 2 (and/or its subsidiaries and/or associates) to VGH and/or VH specifying the details of the specific sub-batch(es) of the Last Batch Equipment (in such mutually agreed configuration) that would be purchased
“Last Purchase Date”	any time on or before 30 June 2025 (or any later date as may be agreed by the parties)
“Lease Equipment”	the mobile power generating sets and ancillary equipment and accessories as set out in exhibit B to the Equipment Lease Framework Agreement and refers to the same batch of equipment identified as the Equipment Batch 1

“Leasing”	leasing of the Lease Equipment from Lessor Entity (or any of its subsidiaries or any of its associate(s) against which it shall procure the entering of such leases), to the Lessee Entity (or any such other members of the Group) pursuant to the Equipment Lease Framework Agreement
“Leasing CCT”	the transactions contemplated under the Equipment Lease Framework Agreement
“Leasing Proposed Caps”	the annual caps for the transactions contemplated under the Equipment Lease Framework Agreement
“Lessee Entity”	the Company
“Lessor Entity”	CNTIC Capital
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 October 2024 (or such other date as may be agreed by the parties)
“Necessary Approvals”	all necessary licenses, consents and approvals of, notices to and filings or registrations with any governmental authority or any other person required pursuant to any applicable laws, or pursuant to any contract binding on any of the Sellers or the Equipment and the Last Batch Equipment (if applicable)
“PRC”	The People’s Republic of China and for the sole purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Price”	the sum of RMB1,271,300,008 (approximately HK\$1,398,430,000) of the Equipment Batch 1 Price and the Equipment Batch 2 Price to be paid by the Buyers to purchase the Equipment (subject to adjustment)
“Proposed Caps”	the Leasing Proposed Caps, the EPC Proposed Caps and the ETS Proposed Caps
“Revised Draft Valuation Report(s)”	the revised draft valuation report(s) to be delivered to the Buyers by the each of the Sellers within 30 days after the date of the Equipment Purchase Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Seller(s)”	VGH, VH and VML, sellers of the Equipment and the Last Batch Equipment

“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction Documents”	the Equipment Purchase Agreement, the relevant bills of sale in respect of the Equipment and the Last Batch Equipment and all other documents relating to or provided in connection with the Equipment Purchase Agreement or any of the foregoing executed in connection herewith or therewith, as the same may be modified, amended, extended or replaced
“US\$”	United States Dollar(s), the lawful currency of the United States of America
“Valuation”	the valuation of the Equipment Batch 1, the Equipment Batch 2 and the Last Batch Equipment as at 30 June 2024 prepared by the Valuer
“Valuation Report(s)”	the finalised draft valuation report(s) prepared by the Valuer, summary of which to be incorporated in the Circular
“Valuer”	China Enterprise Appraisals Consultation Co., Ltd., an independent valuer engaged by the Company for the Valuation
“VGH”	VPower Group Holdings Limited (偉能集團控股有限公司), a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company and one of the Sellers
“VH”	VPower Holdings Limited (偉能集團有限公司), a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company and one of the Sellers
“VML”	VPower Myanmar Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company and one of the Sellers
“%”	per cent.

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

By order of the Board
VPower Group International Holdings Limited
Gao Zhan
Chairman

Hong Kong, 4 September 2024

As at the date hereof, the Board comprises Mr. Gao Zhan, Mr. Lam Yee Chun, Mr. Lu Weijun, Mr. Li Haifeng and Mr. Jin Jiantang as executive directors; Mr. Wong Kwok Yiu as a non-executive director; and Mr. Suen Wai Yu, Dr. Wang Zheng and Dr. Lin Tun as independent non-executive directors.