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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

KEY HIGHLIGHTS

- Revenue increased by 1.5% to approximately HK\$1,520.5 million with revenue from SI business and IBO business amounting to approximately HK\$602.9 million and approximately HK\$917.6 million respectively.
- Gross profit increased by 531.0% to approximately HK\$291.3 million with gross profit of SI business and IBO business amounting to approximately HK\$95.1 million and approximately HK\$196.2 million respectively.
- Loss attributable to the owners of the Company significantly decreased by 91.8% to approximately HK\$233.1 million.
- The Group has gradually implemented its business rejuvenation strategy to regain growth momentum and has secured several power projects in countries including Indonesia and Uzbekistan.

The board of directors (the “**Board**”) of VPower Group International Holdings Limited (the “**Company**”) announces the consolidated annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2024, together with comparative figures of the last financial year in 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	<i>Notes</i>	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
REVENUE	5	1,520,482	1,497,643
Cost of sales		<u>(1,229,207)</u>	<u>(1,451,485)</u>
Gross profit		291,275	46,158
Other income and gains, net	5	153,062	4,334
Selling and distribution expenses		(11,624)	(14,758)
Administrative expenses		(268,460)	(398,142)
Provision for impairment losses under expected credit loss model, net		(24,982)	(1,169,295)
Other expenses, net		(19,316)	(301,215)
Finance costs		(341,539)	(316,181)
Share of results of joint ventures		<u>16,129</u>	<u>(705,903)</u>
LOSS BEFORE TAX	6	(205,455)	(2,855,002)
Income tax (expense)/credit	7	<u>(27,115)</u>	957
LOSS FOR THE YEAR		<u><u>(232,570)</u></u>	<u><u>(2,854,045)</u></u>
Attributable to:			
Owners of the Company		(233,080)	(2,853,972)
Non-controlling interests		<u>510</u>	<u>(73)</u>
		<u><u>(232,570)</u></u>	<u><u>(2,854,045)</u></u>
LOSS PER SHARE	9		
Basic		<u><u>HK(3.49) cents</u></u>	<u><u>HK(76.18) cents</u></u>
Diluted		<u><u>HK(3.49) cents</u></u>	<u><u>HK(76.18) cents</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
LOSS FOR THE YEAR	(232,570)	(2,854,045)
OTHER COMPREHENSIVE LOSS		
Items may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Changes in fair value of hedging instruments arising during the year	—	(73)
Reclassification adjustments included in the consolidated statement of profit or loss	<u>—</u>	<u>(7,784)</u>
	—	(7,857)
Exchange differences on translation of foreign operations	(68,886)	10,270
Release of exchange fluctuation reserve upon deconsolidation of subsidiaries	<u>(638)</u>	<u>—</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	<u>(69,524)</u>	<u>2,413</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u><u>(302,094)</u></u>	<u><u>(2,851,632)</u></u>
Attributable to:		
Owners of the Company	(302,604)	(2,851,559)
Non-controlling interests	<u>510</u>	<u>(73)</u>
	<u><u>(302,094)</u></u>	<u><u>(2,851,632)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		462,628	2,177,427
Right-of-use assets		227,968	35,920
Other intangible assets		—	8,997
Interests in joint ventures		888,541	991,780
Deposits and other receivables		47,755	54,169
Deferred tax assets		2,881	20,807
		<hr/>	<hr/>
Total non-current assets		1,629,773	3,289,100
CURRENT ASSETS			
Inventories		659,555	1,029,465
Trade and bills receivables	<i>10</i>	1,618,694	1,616,207
Prepayments, deposits, other receivables and other assets		839,867	141,368
Derivative financial instruments		6,146	—
Tax recoverable		2,338	591
Restricted cash		12,315	12,259
Pledged deposits		—	1,100
Cash and cash equivalents		122,808	131,233
		<hr/>	<hr/>
Assets held for sale	<i>12</i>	3,261,723	2,932,223
		969,328	14,304
		<hr/>	<hr/>
Total current assets		4,231,051	2,946,527
CURRENT LIABILITIES			
Trade and bills payables	<i>11</i>	503,116	518,638
Other payables and accruals		1,136,587	753,481
Contract liabilities		116,734	233,777
Derivative financial instruments		—	6,508
Interest-bearing bank and other borrowings		2,236,637	2,717,007
Lease liabilities		73,281	13,016
Tax payable		3,167	4,808
Provision for restoration		4,273	5,205
		<hr/>	<hr/>
Total current liabilities		4,073,795	4,252,440
NET CURRENT ASSETS/(LIABILITIES)		157,256	(1,305,913)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,787,029	1,983,187
		<hr/>	<hr/>

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Other payables	1,090	1,259
Interest-bearing other borrowings	35,556	50,194
Lease liabilities	155,073	42,392
Provision for restoration	2,166	279
Deferred tax liabilities	11,728	5,553
	<u> </u>	<u> </u>
Total non-current liabilities	205,613	99,677
	<u> </u>	<u> </u>
Net assets	1,581,416	1,883,510
	<u> </u>	<u> </u>
EQUITY		
Equity attributable to owners of the Company		
Share capital	668,315	668,315
Reserves	912,611	1,215,215
	<u> </u>	<u> </u>
	1,580,926	1,883,530
Non-controlling interests	490	(20)
	<u> </u>	<u> </u>
Total equity	1,581,416	1,883,510
	<u> </u>	<u> </u>

NOTES:

1. CORPORATE INFORMATION

VPower Group International Holdings Limited is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and the principal place of business of the Company is Units 2701-05, 27/F, Office Tower 1, The Harbourfront, 18-22 Tak Fung Street, Hung Hom, Kowloon, Hong Kong.

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

In the opinion of the directors, the immediate holding company of the Company is China National Technical Import & Export Corporation (“CNTIC”), a company incorporated under the laws of the People’s Republic of China (“PRC”) with limited liability, and the ultimate holding company of the Company is China General Technology (Group) Holding Co., Ltd., a company incorporated under the laws of the PRC with limited liability and under the direct supervision of State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

The financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i>
Amendment to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the other disclosures set out in these consolidated financial statements.

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

Going concern basis

During the year ended 31 December 2024, the Group incurred a net loss of HK\$232.6 million and the Group had net current assets of HK\$157.3 million as at 31 December 2024. The current liabilities included bank and other borrowings of HK\$2,131.8 million which have all been classified as current liabilities because the Group has failed to repay these bank and other borrowings in accordance with the repayment schedules during the year and up to the date of approval of these financial statements. The Group had cash and cash equivalents amounted to HK\$122.8 million as at 31 December 2024. Subsequent to the end of the reporting period and up to the date of approval of these financial statements, the Group has not yet obtained any waiver confirmation in writing from the relevant banks of its non-repayment of outstanding loan amounts due, together with interests accrued and non-compliance with certain loan covenants.

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

- (i) during the year and subsequent to the reporting period end, the Company’s controlling shareholder has provided and will continue to provide financial support to enable the Group to continue operating as a going concern for the next 12 months from the reporting period end; and
- (ii) materialising the disposal of power generation property, plant and equipment to the controlling shareholder of the Company to obtain proceeds for loan repayments and as working capital; and
- (iii) seeking refinancing for certain of existing bank borrowings through a new syndicated loans and/or other financing arrangements.

In addition to above, the management also considers implementing measures to speed up the collection of outstanding trade and other receivables and exploring other debt or equity financing arrangements when necessary.

The directors of the Company have reviewed the Group’s cash flow projections prepared by management, which cover a period of not less than 12 months from 31 December 2024. They are of the opinion that, taking into account of the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the next 12 months from 31 December 2024. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

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

4. OPERATING SEGMENT INFORMATION

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

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

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group’s profit/loss before tax except that bank interest income, non-lease-related finance costs, as well as head office and corporate expenses are excluded from such measurement.

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

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

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

Year ended 31 December 2024

	SI <i>HK\$'000</i>	IBO <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:			
Sales to external customers	602,924	917,558	1,520,482
Intersegment sales	<u>25,624</u>	<u>—</u>	<u>25,624</u>
Total segment revenue	628,548	917,558	1,546,106
<i>Reconciliation:</i>			
Elimination of intersegment sales			<u>(25,624)</u>
Revenue			<u><u>1,520,482</u></u>
Segment results	(307)	178,956	178,649
<i>Reconciliation:</i>			
Elimination of intersegment results			(1,784)
Bank interest income			677
Corporate and unallocated expenses, net			(44,405)
Finance costs (other than interest on lease liabilities)			<u>(338,592)</u>
Loss before tax			<u><u>(205,455)</u></u>
Segment assets	2,105,110	2,869,458	4,974,568
<i>Reconciliation:</i>			
Corporate and unallocated assets			<u>886,256</u>
Total assets			<u><u>5,860,824</u></u>
Segment liabilities	997,456	599,932	1,597,388
<i>Reconciliation:</i>			
Corporate and unallocated liabilities			<u>2,682,020</u>
Total liabilities			<u><u>4,279,408</u></u>

Year ended 31 December 2023

	SI HK\$'000	IBO HK\$'000	Total HK\$'000
Segment revenue:			
Sales to external customers	675,322	822,321	1,497,643
Intersegment sales	<u>14,283</u>	<u>—</u>	<u>14,283</u>
Total segment revenue	689,605	822,321	1,511,926
<i>Reconciliation:</i>			
Elimination of intersegment sales			<u>(14,283)</u>
Revenue			<u><u>1,497,643</u></u>
Segment results	(1,399,696)	(1,090,121)	(2,489,817)
<i>Reconciliation:</i>			
Elimination of intersegment results			(923)
Bank interest income			1,063
Corporate and unallocated expenses, net			(52,827)
Finance costs (other than interest on lease liabilities)			<u>(312,498)</u>
Loss before tax			<u><u>(2,855,002)</u></u>
Segment assets	2,376,048	2,841,145	5,217,193
<i>Reconciliation:</i>			
Corporate and unallocated assets			<u>1,018,434</u>
Total assets			<u><u>6,235,627</u></u>
Segment liabilities	1,053,887	496,087	1,549,974
<i>Reconciliation:</i>			
Corporate and unallocated liabilities			<u>2,802,143</u>
Total liabilities			<u><u>4,352,117</u></u>

Geographical information

(a) Revenue from external customers

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong and Chinese Mainland	408,117	194,502
Other Asian countries	239,533	571,258
Latin America	736,665	692,103
Other countries	<u>136,167</u>	<u>39,780</u>
	<u><u>1,520,482</u></u>	<u><u>1,497,643</u></u>

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

(b) Non-current assets

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong and Chinese Mainland	986,959	895,195
Other Asian countries	92,287	1,571,144
Latin America	443,016	515,890
Other countries	<u>56,875</u>	<u>231,895</u>
	<u><u>1,579,137</u></u>	<u><u>3,214,124</u></u>

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

Information about major customers

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A [#]	736,665	692,103
Customer B [^]	200,107	—
Customer C [^]	<u>N/A</u>	<u>403,510</u>

[#] Reported in the IBO segment

[^] Reported in the SI segment

5. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

For the year ended 31 December 2024

Segments	SI <i>HK\$'000</i>	IBO <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total revenue from contracts with customers	<u>602,924</u>	<u>917,558</u>	<u>1,520,482</u>

For the year ended 31 December 2023

Segments	SI <i>HK\$'000</i>	IBO <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total revenue from contracts with customers	<u>675,322</u>	<u>822,321</u>	<u>1,497,643</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank interest income	677	1,063
Government grants*	229	632
Notional interest income	5,328	—
Reversal of impairment on property, plant and equipment	10,405	—
Gain on disposal of items of property, plant and equipment, net	94,635	1,087
Fair value gain on derivative financial instruments	13,250	—
Proceeds before intended use of power stations	22,202	—
Others	<u>6,336</u>	<u>1,552</u>
	<u>153,062</u>	<u>4,334</u>

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

6. LOSS BEFORE TAX

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Depreciation of property, plant and equipment*	139,096	241,041
Depreciation of right-of-use assets	12,376	16,211
Fair value gain on derivative financial instruments	(13,250)	—
Fair value losses on derivative financial instruments [#]	—	5,107
Foreign exchange differences, net [#]	4,809	47,848
Impairment of property, plant and equipment [#]	1,010	13,312
Reversal of impairment on property, plant and equipment	(10,405)	—
Impairment of right-of-use assets [#]	—	10,511
Impairment of trade receivables, net	23,158	1,168,325
Impairment of other receivables, net	613	—
Impairment of contract assets, net	1,211	970
Impairment of other intangible assets [#]	—	32,045
Gain on disposal of items of property, plant and equipment, net	(94,635)	(1,087)
Loss on disposal of subsidiaries [#]	—	7,166
Loss on reassessment of lease term [#]	—	3,601
Loss on deconsolidation of subsidiaries [#]	9,718	—
Write-off of property, plant and equipment [#]	—	55,464
Write-down of inventories to net realisable value [#]	4,219	17,050
Reversal of write-down of inventories to net realisable value*	<u>(6,709)</u>	<u>(1,331)</u>

* The cost of sales for the year included depreciation charges of HK\$106,582,000 (2023: HK\$126,912,000) and reversal of write-down of inventories to net realisable value of HK\$5,378,000 (2023: HK\$1,331,000).

[#] Included in “Other expenses, net” in the consolidated statement of profit or loss.

7. INCOME TAX

Hong Kong Profits Tax is provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising in Hong Kong during both years. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2024	2023
	HK\$'000	HK\$'000
Current tax — Hong Kong		
Charge for the year	—	—
Overprovision in prior years	(287)	(145)
Current tax — Elsewhere		
Charge for the year	7,458	4,539
Underprovision in prior years	685	1,669
Deferred	<u>19,259</u>	<u>(7,020)</u>
Total tax expense/(credit) for the year	<u><u>27,115</u></u>	<u><u>(957)</u></u>

8. DIVIDENDS

The board of directors of the Company does not recommend the payment of any final dividend in respect of the year ended 31 December 2024 (2023: Nil).

9. LOSS PER SHARE

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the Company of HK\$233,080,000 (2023: HK\$2,853,972,000), and the weighted average number of ordinary shares of 6,669,484,000 (2023: 3,746,112,000) in issue during the year, as adjusted to exclude the shares held under the share award scheme.

No adjustment has been made to the basic loss per share amount presented for the year ended 31 December 2024 and 2023 as the Company had no potential dilutive ordinary shares.

10. TRADE AND BILLS RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade and bills receivables	2,899,788	2,874,217
Impairment	<u>(1,281,094)</u>	<u>(1,258,010)</u>
	<u>1,618,694</u>	<u>1,616,207</u>

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

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 90 days	136,693	106,477
91 to 180 days	6,387	77,514
181 to 360 days	11,322	344,673
Over 360 days	<u>1,464,292</u>	<u>1,087,543</u>
	<u>1,618,694</u>	<u>1,616,207</u>

11. TRADE AND BILLS PAYABLES

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 90 days	50,504	112,178
91 to 180 days	1,792	12,891
181 to 360 days	112,548	4,605
Over 360 days	<u>338,272</u>	<u>388,964</u>
	<u>503,116</u>	<u>518,638</u>

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

12. ASSETS HELD FOR SALE

- (a) On 4 September 2024, CNTIC Capital (Hong Kong) Co., Limited (“**CNTIC Capital**”), a 95% owned subsidiary of CNTIC, and CNTIC (collectively the “**Buyers**”) and certain subsidiaries of the Company (the “**Sellers**”) entered into an equipment purchase agreement. Pursuant to which, each of the Sellers agreed to sell to the Buyers, and CNTIC Capital agreed to purchase from the Sellers certain mobile power generating sets and their ancillary equipment and accessories (“**Batch 1 Equipment**”), CNTIC agreed to purchase from the Sellers certain mobile power generating sets and their related ancillary equipment and accessories (“**Batch 2 Equipment**”) and certain mobile power generating sets and their ancillary equipment and accessories (“**Batch 3 Equipment**”) at a consideration of RMB610,488,119 (approximately equivalent to HK\$671,537,000), RMB660,811,889 (approximately equivalent to HK\$726,893,000) and RMB341,668,962 (approximately HK\$375,836,000), respectively. The directors of the Company considered that the held-for-sale criteria as set out in HKFRS 5 were met, by taking into account the fact that the subject assets were immediately available for sale, and the sale is to be highly probable as appropriate level of management had committed to a plan to sell the assets. The sale of Batch 1 Equipment with net carrying value of HK\$565,554,000 was completed on 31 December 2024. Batch 2 Equipment and Batch 3 Equipment of HK\$877,819,000 included in “Property, plant and equipment” were classified as assets held for sale as at 31 December 2024.
- (b) During the year ended 31 December 2024, the Group had an arrangement with CNTIC to transfer back certain power generating sets along with their associated ancillary equipment and accessories. The directors of the Company determined that the criteria for held-for-sale classification as outlined in HKFRS 5 were met. The determination was based on the fact that the assets were readily available for sale, and the likelihood of the arrangement was highly probable due to the management had committed to such arrangement. Accordingly, the total respective assets of HK\$91,510,000 in which HK\$90,240,000 under “Property, plant and equipment” and HK\$1,270,000 under “Inventories” were reclassified as assets held for sale as of 31 December 2024.
- (c) During the year ended 31 December 2023, the Group negotiated with an independent third party to dispose of a distributed power station and sales agreement was signed between the Group and the independent third party while certain testing criteria has not yet been fulfilled in Myanmar as at the reporting period end. In the opinion of the directors, the sale was considered highly probable and was expected to be completed within one year from the date of reclassification. Accordingly, the related distributed power station of HK\$14,304,000 included in “Property, plant and equipment” were classified as assets held for sale as at 31 December 2023 and the transaction was completed on 11 March 2024 with an independent third party at an aggregate consideration of HK\$16,380,000.

EXTRACT FROM INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2024.

Opinion (Extract)

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Extract of Material Uncertainty related to Going Concern paragraph in the auditors’ report

We draw attention to note 3.1 to the consolidated financial statements which indicates that the Group incurred a net loss of HK\$232.6 million during the year ended 31 December 2024 and, as of that date, and the Group had net current assets of HK\$157.3 million. The Group has failed to repay certain bank and other borrowings in accordance with the repayment schedules during the year and up to the date of approval of these consolidated financial statements. These conditions, along with other matters as set forth in note 3.1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The aforesaid “note 3.1 to the consolidated financial statements” are disclosed as note 3 of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In 2024, the global energy market experienced profound shifts and formidable challenges. Worldwide electricity consumption increased by 4.3%, the quickest expansion since 2020, with emerging economies like China and India spearheading that growth. Notably, China's electricity usage surged by 7%, accounting for 54% of the global increase. This trend underscored the pivotal role emerging markets played in shaping future energy strategies and market dynamics.

Within the industrial landscape, electricity demand from data centres surged most prominently. Breakthroughs in artificial intelligence and the burgeoning cryptocurrency sector drove this surge. To ensure seamless operations and reduce reliance on the central grid, an increasing number of data centre operators invested in on-site generation solutions. This approach to enhance supply stability accelerated the demand for backup and flexible power arrangements.

While fossil fuels continued to underpin a significant portion of the electricity supply, their share in the global energy mix contracted. In contrast, renewable sources and nuclear power witnessed robust growth, addressing nearly all new demand for electricity. Combined, these low-carbon energy sources contributed 47% to global power generation in 2024, highlighting a decisive shift toward sustainable energy alternatives within the overall energy portfolio.

Geopolitical tensions and imbalances between energy supply and demand triggered regional fluctuations in energy prices. Additionally, extreme weather patterns and natural disasters that affected power infrastructure further complicated the stability of energy supplies, necessitating adaptive strategies in energy management.

Business Review

While favorable electricity market conditions provided opportunities for industry development, the whole sector faced notable challenges. Against this backdrop, the Group focused on enhancing its internal capabilities to adapt to the dynamic market environment and resolving the business difficulties brought by historical events. The Group successfully explored and secured opportunities that align with market trends and position us for sustainable growth.

The Group recorded a total revenue of HK\$1,520.5 million for the year ended 31 December 2024, representing a year-on-year growth of HK\$22.8 million of 2023. The improved financial performance demonstrated the Group's operational resilience and efforts deployed on corporate enhancement and strategic asset management during periods of instability and challenges.

SI Business

For the year ended 31 December 2024, the Group recorded SI business revenue of approximately HK\$602.9 million, reflecting a 10.7% decline compared to the prior year's revenue of approximately HK\$675.3 million. The decline in total revenue was primarily attributed to the absence of sales from a key customer, which had contributed approximately HK\$403.5 million in revenue in 2023.

Capitalising on a disciplined pricing approach complemented by rigorous cost-control measures, the SI business achieved a robust recovery by elevating its gross profit margin to approximately 15.8%. This improvement underscores the effectiveness of the Group's strategic initiatives in optimising profitability.

Throughout the year, the Group diversified its customer base across sectors, including power generation, infrastructure, and real estate, affirming the broad applicability of its power systems. Notably, the Group delivered reliable backup power solutions that supported the development of significant regional data centres and infrastructure.

IBO Business

For the year ended 31 December 2024, the Group recorded IBO business revenue of approximately HK\$917.6 million, reflecting an 11.6% year-on-year increase from approximately HK\$822.3 million in 2023. This performance was primarily driven by enhanced revenue from power stations in Brazil and Indonesia. The overall gross profit margin also improved significantly to 21.4%.

As of 31 December 2024, the Group managed a diversified portfolio by operating wholly-owned projects in Brazil, Indonesia, Myanmar, and China, with capacity of 70.3MW, 268MW, 50MW, and 14.4MW respectively. In addition, the Group maintained a joint venture project in Peru with a generation capacity of 79.8MW.

In Brazil, leveraging the robust performance of its existing facilities and aligned with local policies to expand the use of renewable energy, the Group executed a hybrid energy upgrade by integrating solar panels to a power station thereby expanding capacity and initiating production within the year. In Indonesia, the construction of two new projects, delivering a combined installed capacity of 130.8MW, was successfully completed, and both entered the trial operation phase.

Additionally, the Group closed a 20.3MW gas-fired power station in the United Kingdom due to its profitability falling below expectations. In line with its asset optimisation and risk mitigation strategy, the Group further scaled down its operation in Myanmar by downsizing the project and progressively reallocating the power generation equipment for upcoming projects in other regions.

For the year ended 31 December 2024, the Group actively leveraged the robust business network of its controlling shareholder and focused on developing projects in Central Asia. It successfully acquired its first gas-fired combined heat and power project in Uzbekistan with a contracted power generation capacity of 100MW, which is scheduled for completion and operation in the second half of 2025. The Group is also exploring suitable business opportunities in other Central Asian countries.

To strengthen the management of power generation assets and improve their utilisation rate, the Group entered into an equipment purchase agreement with the controlling shareholder, CNTIC and its subsidiary CNTIC Capital (Hong Kong) Co., Limited (“**CNTIC Capital**”) during the year, pursuant to which the Group conditionally agreed to sell certain mobile power generating sets and their ancillary equipment and accessories to CNTIC and CNTIC Capital in batches at a total consideration equivalent to approximately RMB1,613 million. During the year, the Group and CNTIC Capital completed the sale of a batch of equipment valued at approximately RMB610.5 million which is in operation at the Group’s power stations in Indonesia, and following the completion of the sale, the Group has been using such equipment pursuant to leasing arrangement entered into with CNTIC Capital.

Significant Investments

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

The Group has joined hands with CITIC Pacific Limited to explore the opportunities in the energy sector in countries along the Belt and Road Initiative through the Fund since 2018. The investment portfolio of the Fund remained the same as disclosed in the annual report of 2019. As at 31 December 2024, the Group’s total investment cost in the Fund was approximately HK\$819.8 million; and its carrying value was approximately HK\$693.4 million, representing around 11.8% of the Group’s total assets.

Financial Review

Revenue

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

	Year ended 31 December	
	2024	2023
	<i>HK\$’000</i>	<i>HK\$’000</i>
SI	602,924	675,322
IBO	917,558	822,321
Total	<u>1,520,482</u>	<u>1,497,643</u>

In 2024, the Group recorded a revenue of approximately HK\$1,520.5 million, representing an increase of 1.5% as compared with approximately HK\$1,497.6 million of the previous year. Please refer to the paragraph headed “Business Review” for the reasons of the increase in revenue.

Revenue by geographical locations

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

	Year ended 31 December			
	2024		2023	
	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>HK\$'000</i>	<i>% of total revenue</i>
Hong Kong and Chinese Mainland	389,619	25.6	166,653	11.1
Other Asian countries ⁽¹⁾	78,709	5.2	473,189	31.6
Other countries	134,596	8.9	35,480	2.4
Total	<u>602,924</u>	<u>39.7</u>	<u>675,322</u>	<u>45.1</u>

Note:

(1) Other Asian countries mainly include Indonesia, United Arab Emirates and Singapore.

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

	Year ended 31 December			
	2024		2023	
	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>HK\$'000</i>	<i>% of total revenue</i>
Brazil ⁽¹⁾	736,665	48.4	692,104	46.2
Indonesia	90,963	6.0	19,872	1.3
Myanmar	69,861	4.6	78,196	5.2
Chinese Mainland	18,498	1.2	27,849	1.9
United Kingdom	1,571	0.1	4,300	0.3
Total	<u>917,558</u>	<u>60.3</u>	<u>822,321</u>	<u>54.9</u>

Note:

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

Cost of sales

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

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

For the years ended 31 December 2024 and 2023, our costs of sales were approximately HK\$1,229.2 million and approximately HK\$1,451.5 million, respectively.

Gross profit and gross profit margin

	Year ended 31 December			
	2024		2023	
	<i>HK\$'000</i>	<i>gross profit margin %</i>	<i>HK\$'000</i>	<i>gross profit margin %</i>
SI	95,136	15.8	(50,563)	(7.5)
IBO	196,139	21.4	96,721	11.8
Total	291,275	19.2	46,158	3.1

Gross profit of the Group was approximately HK\$291.3 million, representing an increase of HK\$245.1 million as compared with approximately HK\$46.2 million of the previous year. Gross profit margin increased to 19.2% from 3.1% in 2023, which was mainly attributable to the SI business returning to profitability in 2024.

Loss before tax

For the year ended 31 December 2024, the Group recorded a loss of approximately HK\$205.5 million as compared with a loss of HK\$2,855.0 million of the previous year. It was mainly due to the reduction in share of loss from the joint ventures, the increase in gross profit, significant decrease in impairments on trade receivables and the gain on disposal of property, plant and equipment.

Other income and gains, net

In 2024, other income and gains, net of the Group amounted to approximately HK\$153.1 million as compared with approximately HK\$4.3 million of the previous year. The increase was mainly attributable to gain on disposal of property, plant and equipment in current year.

Selling and distribution expenses

Selling and distribution expenses of the Group primarily consist of costs for transportation and traveling expenses, commission expense, insurance expense, staff costs and others. In 2024, selling and distribution expenses of the Group decreased by 21.6% from approximately HK\$14.8 million in 2023 to HK\$11.6 million.

Administrative expenses

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

In 2024, administrative expenses of the Group were approximately HK\$268.5 million, representing a decrease of 32.6% as compared with approximately HK\$398.1 million of the previous years. The decrease was mainly due to decreases in demobilisation expenses and depreciation charges on non-operating assets.

Other expenses, net

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

In 2024, other expenses, net were approximately HK\$19.3 million, which represented a decrease of 93.6% over the previous year of approximately HK\$301.2 million. The decrease was mainly attributable to a decrease in impairment on other receivables, property, plant and equipment and intangible assets.

Finance costs

Finance costs of the Group primarily consist of interest and other finance costs on letters of credit, bank loans and overdrafts, notional interest on other payables and interest on lease liabilities and other borrowings. In 2024, finance costs were approximately HK\$341.5 million, which represented an increase of 8.0% as compared with the previous year of approximately HK\$316.2 million. The increase was primarily due to an increase in average borrowing interest rate despite a decrease in total interest-bearing bank borrowings.

Income tax expense/credit

Income tax expense/credit of the Group primarily consists of income tax expense or income tax recoverable by our subsidiaries in the People's Republic of China, Hong Kong, Brazil and Peru. In 2024, income tax expense was approximately HK\$27.1 million, as compared with the income tax credit of approximately HK\$1.0 million in the previous year.

The effective tax rate was not applicable for 2024 and 2023 as the Group recorded loss before tax during both years.

Loss Attributable to Owners and Loss per Share

In 2024, loss attributable to owners of the Company was approximately HK\$233.1 million, as compared with loss attributable to owners of the Company of approximately HK\$2,854.0 million of the previous year.

Basic loss per share for the year ended 31 December 2024 was HK3.49 cents as compared with basic loss per share of HK76.18 cents of the previous year.

Liquidity, Financial and Capital Resources

As at 31 December 2024, total current assets of the Group amounted to approximately HK\$4,231.1 million (2023: HK\$2,946.5 million). In terms of financial resources as at 31 December 2024, cash and cash equivalents of the Group were approximately HK\$122.8 million (2023: HK\$131.2 million).

As at 31 December 2024, total bank and other borrowings of the Group amounted to approximately HK\$2,272.2 million (2023: HK\$2,767.2 million), representing a decrease of approximately 17.9% as compared to that of 31 December 2023. As at 31 December 2024, the Group's bank and other borrowings were denominated in:

	2024	2023
	HK\$'000	HK\$'000
United States dollars (“USD”)	1,987,961	2,310,133
Hong Kong dollars	122,270	132,039
Brazilian Real (“BRL”)	92,663	183,295
Renminbi (“RMB”)	47,765	77,878
Euro	21,534	52,902
Great British Pound (“GBP”)	—	8,791
United Arab Emirates Dirham (“AED”)	—	2,163
	<u>2,272,193</u>	<u>2,767,201</u>

As at 31 December 2024, the Group's current ratio was 1.0 (2023: 0.7). The Group's liabilities to assets ratio was 73.0% (2023: 69.8%). The Group's net gearing ratio was approximately 135.1% (2023: 139.2%).

Charge of Assets

As at 31 December 2024, certain of the Group's inventories with a net book value of approximately HK\$146.5 million (2023: HK\$161.5 million), property, plant and equipment with a net book value of approximately HK\$107.7 million (2023: HK\$125.8 million), pledged deposit of nil (2023: HK\$1.1 million) and equity interest of the Group in a subsidiary were charged for securing the Group's interest-bearing bank and other borrowings and the equity interest of the Group in Genrent del Peru S.A.C. was charged for securing its senior notes.

Exposure on Foreign Exchange Fluctuations

The Group's revenue and payments are mainly in U.S. dollars, Euro, BRL, Indonesian Rupiah ("IDR"), RMB, AED and GBP. The impact of such difference would translate into our exposure to any particular currency fluctuations during the period.

The Group is exposed to foreign exchange risk through sales and purchases that are denominated in currencies other than the functional currency of the respective operations. The Group has a hedging policy to manage such risks and costs associated with currency fluctuations. The Group will closely follow the hedging policy and monitor its overall foreign exchange exposure from time to time to minimise the relevant exposures.

Contingent Liabilities

As at 31 December 2024, the Group had no material contingent liabilities.

Capital Expenditures

For the year ended 31 December 2024, the Group invested approximately HK\$76.2 million (2023: HK\$99.3 million) in property, plant and equipment of which HK\$75.9 million (2023: HK\$99.1 million) was for IBO projects. Additionally, the Group invested approximately HK\$208.9 million (2023: HK\$ nil) in right-of-use assets specifically for the IBO projects.

MATERIAL ACQUISITIONS OR DISPOSALS

On 4 September 2024, the Group entered into an equipment purchase agreement with the controlling shareholder, CNTIC and CNTIC Capital, pursuant to which the Group conditionally agreed to sell certain mobile power generating sets and their ancillary equipment and accessories to CNTIC and CNTIC Capital in batches at a total consideration equivalent to approximately RMB1,613 million. The transactions contemplated under the equipment purchase agreement constitute a connected transaction and a very substantial disposal for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). For further details, please refer to the Company's announcement dated 4 September 2024.

During the year, the Group and CNTIC Capital completed the sale of a batch of equipment valued at approximately RMB610.5 million.

TREASURY POLICY

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

EMPLOYEES

As at 31 December 2024, the Group had 380 employees (2023: 365). The Group remunerates its employees based on their performance, experience and prevailing industry practice; and grants bonus motivate valued employees. In 2024, the Group provided internal and external training (e.g. orientation training, on-the-job training, product training and site safety training) to enrich the knowledge and skills of our employees.

FINAL DIVIDEND

The board of directors of the Company does not recommend the payment of any final dividend for the year ended 31 December 2024 (2023: Nil).

EVENT AFTER THE REPORTING PERIOD

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

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement to attend the forthcoming annual general meeting of the Company scheduled to be held on Thursday, 12 June 2025 (the “**2025 AGM**”), the register of members of the Company will be closed during the period from Monday, 9 June 2025 to Thursday, 12 June 2025 (both days inclusive), during which period no transfer of share(s) of the Company will be effected. In order to qualify for attending and voting at the 2025 AGM, all transfer document(s), accompanied by the relevant share certificate(s), must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 6 June 2025.

CORPORATE GOVERNANCE

During the year ended 31 December 2024, the Company had complied with all the applicable code provisions of the Corporate Governance Code set out in Appendix C1 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiry of all directors of the Company, the Company was not aware of any non-compliance with the required standard set out in the Model Code regarding securities transactions by the directors of the Company during the year ended 31 December 2024.

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

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

REVIEW OF ACCOUNTS

The audit committee of the Company has reviewed, among other things, the accounting principles and practices adopted by the Group, internal controls, risk management, auditing and financial reporting matters and the consolidated annual results of the Group for the year ended 31 December 2024 contained in this announcement.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 28 March 2025. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF 2024 ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company’s website at www.vpower.com under “Investor Relations” and the HKEXnews at www.hkexnews.hk under “Listed Company Information”. It is expected that the 2024 Annual Report will be published on the aforesaid websites before end of April 2025.

ANNUAL GENERAL MEETING

The 2025 AGM of the Company is scheduled to be held on Thursday, 12 June 2025. Notice of the 2025 AGM will be published on the websites of both The Stock Exchange of Hong Kong Limited and the Company and, if required, despatched to the Company's shareholders in due course.

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

Hong Kong, 28 March 2025

As at the date hereof, the Board comprises Mr. Gao Zhan, Mr. Lam Yee Chun, Mr. Lu Weijun, Mr. Jin Jiantang and Mr. Wang Jiachang 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.