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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)

### **PLACING OF EXISTING SHARES AND**

### **SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**



**as Sole Global Coordinator, Sole Bookrunner and Joint Lead Manager**

On 14 July 2020 (after trading hours), the Company, the Vendor and the Placing Agents entered into the Placing and Subscription Agreement, pursuant to which (i) the Vendor has agreed to appoint HSBC as the Sole Global Coordinator, the Sole Bookrunner, a Joint Lead Manager and a Placing Agent and ESL as a Joint Lead Manager and a Placing Agent, and the Placing Agents have agreed to act as the agents for the Vendor to procure purchaser to purchase on a best efforts basis up to 83,000,000 Placing Shares at a Placing Price of HK\$3.75; and (ii) the Vendor has agreed to subscribe for the same number of new Shares as the Placing Shares that have been placed by the Placing Agents. The Subscription Price is equal to the Placing Price.

The maximum number of 83,000,000 Placing Shares represent (i) approximately 3.24% of the total number of Shares in issue as of the date of this announcement and (ii) approximately 3.14% of the total number of Shares in issue as enlarged by the issue of 83,000,000 Subscription Shares.

Completion of the Placing is conditional and is expected to be on 17 July 2020, being the third Business Day following the date of the Placing and Subscription Agreement or such other date as the Vendor and the Placing Agents may agree in writing. Completion of the Subscription is conditional upon (i) completion of the Placing having occurred pursuant to the Placing and Subscription Agreement and (ii) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of the definitive share certificate(s) representing the Subscription Shares).

The gross proceeds and estimated net proceeds from the Subscription will be approximately HK\$311 million and approximately HK\$299 million respectively, which are intended to be used primarily for the investment in the Myanmar Joint Venture and other new IBO projects in the pipeline, debt repayment and as general working capital of the Group.

**Shareholders and prospective investors should note that each of completions of the Placing and the Subscription is subject to the conditions under the Placing and Subscription Agreement to be fulfilled. As the Placing and the Subscription may or may not proceed, Shareholders and prospective investors are advised to exercise caution when deal in the Shares.**

## **THE PLACING AND SUBSCRIPTION AGREEMENT**

### **Date**

14 July 2020 (after trading hours)

### **Parties**

- (i) the Company as the issuer
- (ii) the Vendor as the vendor and the subscriber
- (iii) HSBC as the Sole Global Coordinator, the Sole Bookrunner, a Joint Lead Manager and a Placing Agent and ESL as a Joint Lead Manager and a Placing Agent

## **THE PLACING**

### **The Placing Agents**

To the best of the knowledge, information and belief of each of the Directors having made all reasonable enquiries, each of the Placing Agents is a third party independent of the Company and its connected persons.

### **The Placing Shares**

The maximum number of 83,000,000 Placing Shares represent (i) approximately 3.24% of the total number of Shares in issue as of the date of this announcement; and (ii) approximately 3.14% of the total number of Shares in issue as enlarged by the issue of 83,000,000 Subscription Shares.

### **The Placees**

The Placing Shares will be placed to not less than six placees who will be selected professional, institutional and/or other investors, who and whose ultimate beneficial owners are third parties independent of and are not connected with the Company and its connected persons. It is expected that none of the placees will become a substantial shareholder of the Company immediately after completion of the Placing.

## **Placing Price**

The Placing Price of HK\$3.75 represents:

- (i) a discount of approximately 12.99% to the closing price of HK\$4.31 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 12.83% to the average closing price of HK\$4.30 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.
- (iii) a discount of approximately 9.03% to the average closing price of HK\$4.12 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days up to and including the Last Trading Day.

The Placing Price of HK\$3.75 was determined on arm's length basis among the Company, the Vendor and the Placing Agents based on current market conditions and the prevailing market price of the Shares.

## **Rights of the Placing Shares**

The Placing Shares are sold free and clear of all pledges, liens and encumbrances, equities, security interests or other claims, and rank *pari passu* with all of the other Shares of the Company of the same class.

## **Conditions of the Placing**

Completion of the Placing is conditional upon the fulfilment of the following conditions:

- (i) before the Closing Date, there shall not have occurred:
  - (A) any material adverse change, or any development reasonably likely to involve a material adverse change, in the condition, financial or otherwise, or in the earnings, assets, business, operations or prospects of the Company, or the Company and its subsidiaries taken as a whole; or
  - (B) any suspension or limitation of trading (a) in any of the Company's securities by the Stock Exchange, or (b) generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the London Stock Exchange, the New York Stock Exchange or the Nasdaq National Market; or
  - (C) any outbreak or escalation of hostilities, act of terrorism, the declaration by Hong Kong, the PRC, Japan, Singapore, the United States, the United Kingdom or any other member of the EEA of a national emergency or war or other calamity or crisis; or
  - (D) any material disruption in commercial banking or securities settlement or clearance services in Hong Kong, the PRC, Japan, Singapore, the United States, the United Kingdom or any other member of the EEA and/or a general moratorium on commercial banking activities having been declared by the relevant authorities in Hong Kong, the PRC, Japan, Singapore, the United States, the United Kingdom or any member of the EEA; or

- (E) any material adverse change or development involving a prospective material adverse change in or affecting the financial markets in Hong Kong, the PRC, Japan, Singapore, the United States, the United Kingdom or any member of the EEA or other applicable jurisdiction(s) or in international financial, political or economic conditions, currency exchange rates, exchange controls or taxation,

that, in the sole judgment of the Sole Global Coordinator, would make the placement of the Placing Shares or the enforcement of contracts to purchase the Placing Shares impracticable or inadvisable, or would materially prejudice trading of the Placing Shares in the secondary market;

- (ii) the representations and warranties made by the Company and the Vendor pursuant to the Placing and Subscription Agreement being true and accurate and not misleading as of the date of the Placing and Subscription Agreement and the Closing Date;
- (iii) each of the Company and the Vendor having complied with all of the agreements and undertakings and satisfied all of the conditions on its part to be complied with or satisfied under the Placing and Subscription Agreement on or before the Closing Date;
- (iv) the Placing Agents having received on the Closing Date a certified copy of the board resolutions of the Vendor and the Company approving the Placing, the Subscription and the entering into the Placing and Subscription Agreement; and
- (v) the Placing Agents having received on the Closing Date an opinion of the U.S. counsel to the Placing Agents, to the effect that the offer and sale of the Placing Shares by the Placing Agents as set forth in the Placing and Subscription Agreement are not required to be registered under the U.S. Securities Act.

The Sole Global Coordinator in its sole discretion may waive any of the foregoing conditions, in whole or in part and with or without conditions, by notice to the Company and the Vendor. In the event that (a) any of the events set out in condition (i) above occurs at any time between the date of the Placing and Subscription Agreement and the Closing Date, or (b) the Vendor does not deliver the Placing Shares on the Closing Date, or (c) any of conditions (ii) to (v) has not been satisfied or waived in writing on the dates specified therein, the Sole Global Coordinator may elect, in its sole discretion, to terminate the Placing and Subscription Agreement, provided that if the Vendor shall have delivered some but not all of the Placing Shares on the Closing Date, the Placing Agents shall have the option to effect the Placing with respect to such Placing Shares as have been delivered.

The Directors are not aware of the occurrence of the above mentioned events which may trigger the termination of the Placing and the Subscription Agreement as of the date of this announcement.

### **Completion of the Placing**

The Placing is expected to be completed on 17 July 2020, being the third Business Day following the date of the Placing and Subscription Agreement or such other date as the Vendor and the Placing Agents may agree in writing.

## **THE SUBSCRIPTION**

### **The Subscriber**

The Vendor is a controlling shareholder of the Company, and as of the date of this announcement holds 1,806,633,881 Shares, representing approximately 70.48% of the total number of Shares in issue.

## **The Subscription Price**

The Subscription Price, being HK\$3.75 per Subscription Share, is equal to the Placing Price, which was determined on arm's length basis between the Company and the Vendor with reference to the Placing Price.

## **Number of Subscription Shares**

The number of Subscription Shares to be subscribed by the Vendor pursuant to the Placing and Subscription Agreement will be equal to the number of Placing Shares successfully placed under the Placing. The maximum number of 83,000,000 Subscription Shares represent (i) approximately 3.24% of the total number of Shares in issue as of the date of this announcement and (ii) approximately 3.14% of the total number of Shares in issue as enlarged by the issue of 83,000,000 Subscription Shares.

## **General Mandate to issue the Subscription Shares**

The Subscription Shares will be issued pursuant to the General Mandate, subject to the limit of up to 512,645,200 Shares (representing 20% of the number of Shares in issue on the date on which the General Mandate was granted). As at the date of this announcement, the General Mandate has not been utilised. The issue of the Subscription Shares is not subject to any further Shareholders' approval.

## **Application for listing**

The Company will submit an application to Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares in due course.

## **Ranking of Subscription Shares**

The Subscription Shares shall, when fully paid, rank *pari passu* in all respects with the other Shares of the same class in issue or to be issued by the Company on or prior to the date of completion of the Subscription including the rights to all dividends and other distributions declared, made or paid on or after the date of allotment of the Subscription Shares.

## **Conditions precedent of the Subscription**

Completion of the Subscription is conditional upon (i) completion of the Placing having occurred pursuant to the Placing and Subscription Agreement and (ii) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of the definitive share certificate(s) representing the Subscription Shares). None of the conditions precedent of the Subscription can be waived by the Company or the Vendor.

## **Completion of Subscription**

Subject to the fulfilment of the above conditions, completion of the Subscription shall take place on the second Business Day after the date on which the last of the conditions referred above are fulfilled, provided that it will take place on a date no later than a date falling 14 days after the date of the Placing and Subscription Agreement, that is, on or before 28 July 2020, or at such other time and/or date as the Company, the Vendor and the Placing Agents may agree in writing and in compliance with the Listing Rules, failing which, the obligations and liabilities of the Vendor and the Company under the Subscription shall be null and void and neither of them shall have any claim against the other for costs, damages, compensation or otherwise in respect of the Subscription provided that the Company shall reimburse the Vendor any legal fees and out-of-pocket expenses which the Vendor shall be obliged to pay in connection with the Placing.

To comply with Rule 14A.92(4) of the Listing Rules, the Subscription shall be completed on a date no later than a date falling 14 days after the date of the Placing and Subscription Agreement. If the Subscription is to be completed thereafter, it will constitute a connected transaction under the Listing Rules and require compliance with all the relevant requirements under Chapter 14A of the Listing Rules, including but not limited to the issue of a separate announcement and approval by the independent Shareholders (being Shareholders other than the Vendor, its ultimate beneficial owners and their respective associates).

## **LOCK UP UNDERTAKINGS**

Pursuant to the terms of the Placing and Subscription Agreement,

- (i) the Vendor shall not, and shall procure that none of its nominees, any person controlled by it, any trust associated with it or any person acting on its or their behalf shall, without the prior written consent of the Placing Agents, (a) offer, sell, lend, contract to sell, pledge, grant any option over, make any short sale or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Vendor or any affiliate of the Vendor or any person in privity with the Vendor or any affiliate of the Vendor), directly or indirectly, any equity securities of the Company or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company, (b) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (a) or (b) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (c) publicly announce an intention to effect any such transaction, for a period beginning on the date of the Placing and Subscription Agreement and ending on the date which is 90 days after the Closing Date. The foregoing shall not apply to the sale of the Shares under the Placing and Subscription Agreement; and
- (ii) the Company shall not, and the Vendor shall procure that the Company will not, without the prior written consent of the Placing Agents, (a) effect or arrange or procure placement of, allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for, or enter into any transaction which is designed to, or might reasonably be expected to, result in any of the aforesaid (whether by actual disposition or effective economic disposition due to cash settlement or otherwise), directly or indirectly, any equity securities of the Company or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company, or (b) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (a) or (b) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (c) publicly announce an intention to effect any such transaction, for a period beginning on the date of the Placing and Subscription Agreement and ending on the date which is 90 days after the Closing Date. The foregoing shall not apply to the issue of the Subscription Shares under the Placing and Subscription Agreement or the issuance of new Shares pursuant to the exercise of options under the pre-IPO share option scheme or share option scheme as disclosed in the prospectus of the Company dated 14 November 2016 or allotment and issue of new Shares pursuant to the share award scheme adopted by the Company on 18 July 2017.

The Directors (including the independent non-executive Directors) are further of the view that the lock up period for the Company as set out above is fair and reasonable on the grounds that: (i) the lock up period is only for 90 days which is in line with the market practice and as a result of the arm's length commercial negotiation between the Company, the Vendor and the Placing Agents; and (ii) it can ensure an orderly market of the Shares.

## REASONS FOR THE PLACING AND SUBSCRIPTION FOR THE COMPANY AND USE OF PROCEEDS FOR THE COMPANY

Upon the full subscription of the 83,000,000 Subscription Shares, the gross proceeds for the issue of the Subscription Shares will be approximately HK\$311 million and the net proceeds to be received by the Company from the Subscription, after deducting related fees and expenses, are estimated to be approximately HK\$299 million. The net subscription price, after deducting related fees and expenses, is approximately HK\$3.60 per Subscription Share. The net proceeds from the Subscription are intended to be used primarily for the investment in the Myanmar Joint Venture and other new IBO projects in the pipeline, debt repayment and as general working capital of the Group.

The Directors consider that the Placing and the Subscription represent an opportunity to raise capital for the Company, broaden its shareholder base, increase the liquidity of the Shares, strengthen the capital base and to enhance the financial position and net assets base for the long-term development and growth of the Group.

The Directors consider that the terms of the Placing and Subscription Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## FUND RAISING ACTIVITIES BY THE COMPANY IN THE PAST TWELVE MONTHS

The Company had not carried out any equity fund raising exercise in the twelve months period immediately preceding the date of this announcement.

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structure of the Company (i) as of the date of this announcement; (ii) immediately after completion of the Placing but before the Subscription; and (iii) immediately after completion of the Placing and the Subscription, on the assumptions that (1) 83,000,000 Shares have been placed by the Placing Agents under the Placing and the Vendor shall subscribe for 83,000,000 Shares upon completion of the Subscription; and (2) there will be no other change to the share capital of the Company from the date of this announcement until the completion of the Subscription save for the issue of the new Shares as a result of the Subscription:-

	Approximate shareholding as of the date of this announcement		Approximate shareholding immediately after completion of the Placing but before the Subscription		Approximate shareholding immediately after completion of the Placing and the Subscription	
	Shares	%	Shares	%	Shares	%
The Vendor	1,806,633,881	70.48	1,723,633,881	67.24	1,806,633,881	68.27
Directors	41,233,410	1.61	41,233,410	1.61	41,233,410	1.56
Other core connected persons	15,860,968	0.62	15,860,968	0.62	15,860,968	0.60
The Placees	-	-	83,000,000	3.24	83,000,000	3.14
Other public Shareholders	699,550,741	27.29	699,550,741	27.29	699,550,741	26.44
<b>Total</b>	<b>2,563,279,000</b>	<b>100.00</b>	<b>2,563,279,000</b>	<b>100.00</b>	<b>2,646,279,000</b>	<b>100.00</b>

## GENERAL INFORMATION

The Group is principally engaged in the design, integration and sale of gas-fired and diesel-fired engine-based gen-sets and power generation systems, utilizing proprietary system designs and integration capabilities of the Group; and the investment in, building of and operations of distributed power generation stations.

**Shareholders and prospective investors should note that each of completions of the Placing and the Subscription is subject to the conditions under the Placing and Subscription Agreement to be fulfilled. As the Placing and the Subscription may or may not proceed, Shareholders and prospective investors are advised to exercise caution when deal in the Shares.**

## DEFINITIONS

*Unless the context requires otherwise, the capitalised terms used in this announcement shall have the meanings as set forth below:*

“Business Day”	being a day on which trading on the Stock Exchange takes place
“Board”	the board of Directors
“Closing Date”	being the third Business Day following the date of the Placing and Subscription Agreement or such other date as the Vendor and the Placing Agents may agree in writing
“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)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	director(s) of the Company
“EEA”	the European Economic Area
“ESL”	Elstone Securities Limited, a company registered in Hong Kong and registered with the Securities and Futures Commission to conduct Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities, being a joint lead manager and a placing agent under the Placing
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 29 June 2020
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“HSBC”, “Sole Global Coordinator” or “Sole Bookrunner”	The Hongkong and Shanghai Banking Corporation Limited, a company registered in Hong Kong and registered with the Securities and Futures Commission to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), being the sole global coordinator, the sole bookrunner, a joint lead manager and a placing agent under the Placing
“IBO”	investment in, building and operations of distributed power generation stations, a description of a current business segment of the Group
“Joint Lead Managers” collectively, and each a “Joint Lead Manager”	HSBC and ESL
“Last Trading Day”	14 July 2020, being the last full trading day immediately before the time at which the Placing and Subscription Agreement was signed
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Myanmar Joint Venture”	CNTIC VPower Group Holdings Limited, a joint venture of the Group and its strategic partner China National Technical Import and Export Corporation. Please refer to the announcement of the Company dated 2 July 2020 for more details
“Placing”	the placing of 83,000,000 existing Shares beneficially owned by the Vendor pursuant to the terms and conditions of the Placing and Subscription Agreement
“Placing Agents” collectively, and each a “Placing Agent”	HSBC and ESL
“Placing and Subscription Agreement”	the agreement dated 14 July 2020 entered into among the Company, the Vendor, and the Placing Agents in relation to the Placing and Subscription
“Placing Price”	HK\$3.75 per Placing Share
“Placing Share(s)”	up to 83,000,000 existing Shares beneficially owned by the Vendor to be placed pursuant to the terms and conditions of the Placing and Subscription Agreement
“PRC”	the People's Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
“Share(s)”	share(s) of par value HK\$0.10 each in the share capital of the

	Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription by the Vendor for the Subscription Shares pursuant to the terms of the Placing and Subscription Agreement
“Subscription Price”	HK\$3.75 per Subscription Share, which is the same as the Placing Price
“Subscription Share(s)”	up to 83,000,000 new Shares to be issued to the Vendor pursuant to the Placing and Subscription Agreement, which is equivalent to the number of Placing Shares successfully placed
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“U.S. Securities Act”	the United States Securities Act of 1933, as amended
“Vendor”	Energy Garden Limited, a company incorporated in the British Virgin Islands with limited liability
“%”	per cent.

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

Hong Kong, 14 July 2020

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