

## PRESS RELEASE

New Delhi, 9<sup>th</sup> August 2023

### **VELCAN HOLDINGS: DIVESTMENT OF THE HEO AND TATO-1 HYDROPOWER TANDEM**

VELCAN HOLDINGS Group announces it has fully divested its Heo – Tato-1 tandem of hydropower projects (2 hydropower totaling 426 MW located in the state of Arunachal Pradesh, India, hereafter the “Projects”), taken over by a major utility owned by the Government of India.

The Projects were the 2 largest projects of the Group’s cascade of 3 hydropower projects. Following this sale, the Group is left with the third project of the said cascade, the Pauk HEP (145 MW), its last greenfield hydropower project.

The entire cascade development was suspended in September 2021, since the Government of Arunachal Pradesh (GoAP) had refused to consider vital amendments to the corresponding concession agreements. This came on top of the numerous deadlocks encountered by the projects during the past years regarding essential development activities which mostly depended on the Governments (central and local), such as the delays in the road infrastructure, the inability of the GoAP to make significant progress in the land acquisition and the inability of electricity distribution companies to sign long term bankable power purchase agreements.

The takeover by a public utility appears as a logical outcome in the above-mentioned distressed context, where the sector environment proved to be extremely unfavourable to private developers. Given the very few large projects that were taken over against a payment – and by the Government of India, this transaction illustrates the quality of the projects.

The buyer of the projects refunded a significant part of the project development expenses incurred by the Group in India, although costs incurred out of India (which form the largest part of the total cost - mostly costs of the Group’s engineering and management teams located out of India during 14 years) could not be recovered. The projects were fully impaired since the first half 2021 and this transaction will therefore generate a profit in the 2023 accounts.

The Group will keep looking for a solution for the Pauk HEP.

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**About Velcan:**

Velcan Holdings is an investment holding company founded in 2005, managing a global portfolio of participations and investments.

Velcan Holdings' headquarters are in Luxemburg, with administrative and financial offices in Singapore and Mauritius.

The company was launched more than 15 years ago by its reference shareholder LHP SA, owned by Velcan Holdings' management team.

Velcan Holdings is listed on the unregulated Euro MTF Stock Market in Luxemburg (Ticker VLCN/ISIN FR0010245803). Velcan Holdings never performed any Public Offer as understood under Directive 2003/71/CE of the European Parliament and Council.

**Disclaimer**

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*This press release contains prospective information about the potential of the projects in progress and/or of the projects of which the development has begun. This information constitutes objectives attached to projects and shall not be construed as direct or indirect net income forecast of the concerned year. Reader's attention is also drawn on the fact that the performance of these objectives depends on future circumstances and that it could be affected and/or delayed by risks, known or unknown, uncertainties, and various factors of any nature, notably related to economic, commercial or regulatory conjuncture, which occurrence could be likely to have a negative impact on future activity and performances of the Group.*

*This announcement does not constitute a public offering ("offre au public") nor an invitation to the public or to any qualified investor in connection with any offering. This announcement is not an offer of securities in the United States of America or in any other jurisdiction/country.*