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 2016

FINANCIAL HIGHLIGHTS

		Year Ended 31 December		
		2016	2015	% of Change
		HK$ '000	*HK$ '000*	
Revenue	— SI	**1,063,136**	965,587	10.1%
	— IBO	**467,875**	247,256	89.2%
	— Total	**1,531,011**	1,212,843	26.2%
Gross profit	— SI	**227,313**	201,760	12.7%
	— IBO	**270,501**	142,228	90.2%
	— Total	**497,814**	343,988	44.7%
Net profit for the year		**222,013**	141,223	57.2%
Adjusted net profit for the year		**263,237**	144,115	82.7%
Basic earnings per share		**HK10.79 cents**	HK7.06 cents	52.8%
Diluted earnings per share		**HK10.79 cents**	HK7.06 cents	52.8%
Proposed final dividend		**HK2.57 cents**	N/A	N/A

- The Group's adjusted net profit for the year (excluding one-off listing expenses) increased by 82.7% to HK$263.2 million (2015: HK$144.1 million), mainly driven by a 89.2% increase in revenue contributed from IBO business.

- Gross profit increased by 44.7% to HK$497.8 million (2015: HK$344.0 million), mainly driven by a 90.2% increase in gross profit contributed from IBO business, resulting from increase in sales mix of IBO business which has higher gross profit margin, representing 54.3% (2015: 41.3%) of our total gross profit.

- Gross profit margin advanced to 32.5% (2015: 28.4%) with SI and IBO slightly increased to 21.4% (2015: 20.9%) and 57.8% (2015: 57.5%), respectively.

- IBO installed capacity in operation increased by 95.9% to 507.1MW as at 31 December 2016 (2015: 258.8MW).

The board of directors (the "**Board**") of VPower Group International Holdings Limited (the "**Company**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2016, together with comparative figures of the last financial year in 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2016

	Notes	**2016** *HK$'000*	2015 *HK$'000*
REVENUE	6	**1,531,011**	1,212,843
Cost of sales		**(1,033,197)**	(868,855)
Gross profit		**497,814**	343,988
Other income and gains	6	**53,997**	45,946
Selling and distribution expenses		**(23,973)**	(25,061)
Administrative expenses		**(201,401)**	(131,402)
Other expenses, net		**(4,463)**	(34,359)
Finance costs		**(68,836)**	(34,697)
PROFIT BEFORE TAX	7	**253,138**	164,415
Income tax expense	8	**(31,125)**	(23,192)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**222,013**	141,223
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	10		
Basic		**HK10.79 cents**	HK7.06 cents
Diluted		**HK10.79 cents**	HK7.06 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016

	2016 *HK$'000*	2015 *HK$'000*
PROFIT FOR THE YEAR	**222,013**	141,223
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(11,137)**	(5,532)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(11,137)**	(5,532)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	**210,876**	135,691

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,930,933**	910,964
Investment property		**19,000**	19,600
Deposits		**11,039**	57,062
Deferred tax assets		**5,965**	2,109
Total non-current assets		**1,966,937**	989,735
CURRENT ASSETS			
Inventories		**545,810**	563,016
Trade and bills receivables	11	**708,206**	714,935
Prepayments, deposits and other receivables		**102,496**	30,798
Due from related companies		**6,519**	29,318
Tax recoverable		**12,438**	10,224
Pledged deposits		**290,945**	131,317
Cash and cash equivalents		**1,392,009**	286,874
Total current assets		**3,058,423**	1,766,482
CURRENT LIABILITIES			
Trade and bills payables	12	**408,398**	739,936
Other payables and accruals		**556,304**	281,547
Due to a director		**—**	6,138
Derivative financial instrument		**—**	114
Interest-bearing bank and other borrowings		**716,588**	555,688
Tax payable		**26,165**	10,308
Provision for restoration		**1,420**	775
Total current liabilities		**1,708,875**	1,594,506
NET CURRENT ASSETS		**1,349,548**	171,976
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,316,485**	1,161,711

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
NON-CURRENT LIABILITIES			
Other payables		**726,800**	207,117
Interest-bearing bank and other borrowings		**321,962**	410,183
Provision for restoration		**1,715**	1,033
Deferred tax liabilities		**3,758**	3,883
Total non-current liabilities		**1,054,235**	622,216
Net assets		**2,262,250**	539,495
EQUITY			
Equity attributable to owners of the Company			
Share capital	13	**256,000**	—
Reserves		**2,006,250**	539,495
Total equity		**2,262,250**	539,495

NOTES:

1. CORPORATE AND GROUP INFORMATION

VPower Group International Holdings Limited is a limited liability company incorporated in the Cayman Islands. The principal place of business of the Company is located at Units 2019–25, 20/F., Tower 1, Metroplaza, 223 Hing Fong Road, Kwai Chung, New Territories, Hong Kong.

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 distributive power solutions, including the design, investment in, building, lease and operation of distributive power generation stations.

In the opinion of the directors, the immediate holding company of the Company is Energy Garden Limited, a company incorporated in the British Virgin Islands, and the ultimate holding company of the Company is Sunpower Global Limited, a company also incorporated in the British Virgin Islands.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 24 November 2016 (the "Listing").

2. REORGANISATION AND BASIS OF PRESENTATION

Pursuant to the reorganisation of the Company in connection with the Listing (the "Reorganisation"), the Company became the holding company of the companies now comprising the Group on 1 September 2016. The companies now comprising the Group were under the common control of Mr. Lam Yee Chun and Ms. Chan Mei Wan (the "Controlling Shareholders") before and after the Reorganisation. Accordingly, the financial statements have been prepared by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the earliest period presented. Details of the Reorganisation are set out in the paragraphs headed "Reorganization" in the section headed "History, Reorganization and Corporate Structure" in the prospectus of the Company dated 14 November 2016.

The consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year ended 31 December 2016 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the Controlling Shareholders, where this is a shorter period. The consolidated statement of financial position of the Group as at 31 December 2016 has been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the Controlling Shareholders' perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

NOTES: (Con't)

3. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment property and derivative financial instrument which have been measured at fair value. The financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

4. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the financial statements.

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*[2]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*[2]
HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*[2]
HKFRS 16	*Leases*[3]
Amendments to HKAS 7	*Disclosure Initiative*[1]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[1]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 No mandatory effective date yet determined but available for adoption

5. OPERATING SEGMENT INFORMATION

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

(a) the system integration ("**SI**") segment designs, integrates, sells and installs engine-based electricity generation units; and

(b) the investment, building and operating ("**IBO**") segment designs, invests in, builds, leases and operates distributive power generation stations to provide distributive power solutions.

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

Segment assets exclude deferred tax assets, amounts due from related companies, tax recoverable, 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 an amount due to a director, derivative financial instrument, 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.

NOTES: (Con't)

Year ended 31 December 2016

	SI *HK$'000*	IBO *HK$'000*	Total *HK$'000*
Segment revenue:			
Sales to external customers	1,063,136	467,875	1,531,011
Intersegment sales	4,906	—	4,906
	1,068,042	467,875	1,535,917
Reconciliation:			
Elimination of intersegment sales			(4,906)
Revenue			1,531,011
Segment results	204,318	201,696	406,014
Reconciliation:			
Elimination of intersegment results			(300)
Bank interest income			2,128
Corporate and unallocated expenses, net			(85,868)
Finance costs			(68,836)
Profit before tax			253,138
Segment assets	995,742	2,320,987	3,316,729
Reconciliation:			
Corporate and unallocated assets			1,708,631
Total assets			5,025,360
Segment liabilities	435,378	1,243,944	1,679,322
Reconciliation:			
Corporate and unallocated liabilities			1,083,788
Total liabilities			2,763,110
Other segment information:			
Reversal of impairment of trade receivables	(818)	—	(818)
Write-off of items of property, plant and equipment	92	752	844
Write-down of inventories to net realisable value	3,139	—	3,139
Depreciation	2,662	112,789	115,451
Capital expenditure	2,844	1,133,658	1,136,502

Year ended 31 December 2015

	SI *HK$'000*	IBO *HK$'000*	Total *HK$'000*
Segment revenue:			
Sales to external customers	965,587	247,256	1,212,843
Intersegment sales	(1,468)	—	(1,468)
	964,119	247,256	1,211,375
Reconciliation:			
Elimination of intersegment sales			1,468
Revenue			1,212,843
Segment results	162,743	95,043	257,786
Reconciliation:			
Elimination of intersegment results			(1,145)
Bank interest income			2,301
Corporate and unallocated expenses, net			(59,830)
Finance costs			(34,697)
Profit before tax			164,415
Segment assets	1,149,340	1,146,071	2,295,411
Reconciliation:			
Corporate and unallocated assets			460,806
Total assets			2,756,217
Segment liabilities	761,064	460,058	1,221,122
Reconciliation:			
Corporate and unallocated liabilities			995,600
Total liabilities			2,216,722
Other segment information:			
Impairment of trade receivables	1,217	—	1,217
Reversal of impairment of trade receivables	(475)	—	(475)
Write-down of inventories to net realisable value	2,185	786	2,971
Depreciation	2,637	68,806	71,443
Capital expenditure	4,905	415,373	420,278

NOTES: (Con't)

Geographical information

(a) Revenue from external customers

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**42,298**	143,520
Mainland China	**479,250**	506,054
Asian countries	**1,007,008**	560,851
Other countries	**2,455**	2,418
	1,531,011	1,212,843

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

(b) Non-current assets

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**32,569**	79,369
Mainland China	**3,689**	3,444
Asian countries	**1,924,223**	904,106
	1,960,481	986,919

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

Information about major customers

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

	2016	2015
	HK$'000	*HK$'000*
Customer A	**458,766**	212,526
Customer B	**275,935**	N/A*
Customer C	**241,661**	N/A*
Customer D	**N/A***	297,586
	976,362	510,112

* Nil or less than 10% of revenue

6. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for trade discounts; and the fees earned from the provision of distributive power solutions, including the design, investment in, building, lease and operation of distributive power generation stations.

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

	2016 HK$'000	2015 HK$'000
Revenue		
Sale of goods	**1,063,136**	965,587
Provision of distributive power solutions	**467,875**	247,256
	1,531,011	1,212,843

	2016 HK$'000	2015 HK$'000
Other income		
Bank interest income	**2,128**	2,301
Loan interest income	**201**	—
Other interest income	**2,252**	3,827
Income from contract assignment/novation	**9,341**	9,250
Rental income	**840**	872
Government grants*	**296**	3,031
Sales deposits forfeited	**4,597**	2,993
Insurance claim	**—**	3,023
Others	**400**	4,042
	20,055	29,339
Gains		
Fair value gain on derivative financial instrument	**114**	8,046
Gain on disposal of items of property, plant and equipment, net	**1**	177
Foreign exchange differences, net	**33,827**	8,384
	33,942	16,607
	53,997	45,946

* Various government grants have been received by a subsidiary as the subsidiary was qualified as a high-technology enterprise in the PRC. There were no unfulfilled conditions or contingencies relating to these grants.

7. PROFIT BEFORE TAX

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

	2016 HK$'000	2015 HK$'000
Depreciation*	**115,451**	71,443
Net loss on settlement of derivative financial instruments#	**698**	28,585
Fair value loss on an investment property#	**600**	300
Fair value gain on derivative financial instrument — transaction not qualifying as hedge	**(114)**	(8,046)
Impairment of trade receivables#	**—**	1,217
Reversal of impairment of trade receivables#	**(818)**	(475)
Write-off of items of property, plant and equipment#	**844**	—
Write-down of inventories to net realisable value#	**3,139**	2,971
Equity-settled share option expense	**796**	—

* Included in the cost of sales for the year was depreciation charges of HK$112,991,000 (2015: HK$65,683,000).

\# Included in "Other expenses, net" in the consolidated statement of profit or loss.

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2016 HK$'000	2015 HK$'000
Current — Hong Kong		
Charge for the year	**19,157**	3,522
Overprovision in prior years	**(61)**	—
Current — Elsewhere		
Charge for the year	**17,646**	22,028
Overprovision in prior years	**(1,636)**	—
Deferred	**(3,981)**	(2,358)
Total tax charge for the year	**31,125**	23,192

9. DIVIDENDS

The interim dividend of HK$50,002,000 (2015: HK$139,500,000) was declared by Crest Pacific Investments Limited ("Crest Pacific"), a subsidiary of the Company, to the then shareholders during the year.

	2016	2015
	HK$'000	*HK$'000*
Dividend proposed after the end of the reporting period:		
Proposed final – HK2.57 cents (2015: Nil) per ordinary share	**65,792**	—

The proposed final dividend of HK2.57 cents per ordinary share for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK$222,013,000 (2015: HK$141,223,000), and the weighted average number of ordinary shares of 2,058,142,077 (2015: 2,000,000,000) in issue during the year, on the assumption that the Reorganisation had been completed on 1 January 2015.

No adjustment has been made to the basic earnings per share amount presented for the year ended 31 December 2016 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amount presented. The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2015.

11. TRADE AND BILLS RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade and bills receivables	**710,281**	717,963
Impairment	**(2,075)**	(3,028)
	708,206	714,935

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit periods range from 30 to 365 days, except for a customer which was granted a credit period of up to 630 days in the prior year. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

NOTES: (Con't)

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

	2016	2015
	HK$'000	*HK$'000*
Within 30 days	**326,882**	483,136
31 to 60 days	**92,209**	36,167
61 to 90 days	**48,328**	32,183
91 to 180 days	**191,973**	52,106
181 to 360 days	**41,968**	58,363
Over 360 days	**6,846**	52,980
	708,206	714,935

12. TRADE AND BILLS PAYABLES

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

	2016	2015
	HK$'000	*HK$'000*
Within 1 month	**139,733**	239,342
1 to 2 months	**43,110**	235,248
2 to 3 months	**40,685**	59,357
Over 3 months	**184,870**	205,989
	408,398	739,936

The trade payables are non-interest-bearing and are normally settled on terms ranging from 30 to 180 days.

13. SHARE CAPITAL

	2016	2015
	HK$'000	*HK$'000*
Authorised:		
5,000,000,000 ordinary shares of HK$0.1 each	**500,000**	—
Issued and fully paid:		
2,560,000,000 ordinary shares of HK$0.1 each	**256,000**	—

NOTES: (Con't)

A summary of movements in the Company's authorised and issued share capital during the period from 22 February 2016 (date of incorporation) to 31 December 2016 is as follows:

	Notes	**Number of ordinary shares**	Nominal value of ordinary shares *HK$'000*
Authorised:			
Upon incorporation on 22 February 2016	(a)	**3,800,000**	380
Increase in authorised share capital	(b)	**4,996,200,000**	499,620
At 31 December 2016		**5,000,000,000**	500,000
Issued and fully paid:			
Upon incorporation on 22 February 2016	(a)	**1**	—
Issuance of shares pursuant to the Reorganisation	(c)	**1,999,999,999**	200,000
Issuance of shares under initial public offering	(d)	**560,000,000**	56,000
At 31 December 2016		**2,560,000,000**	256,000

(a) On 22 February 2016, the Company was incorporated with authorised share capital of HK$380,000 divided into 3,800,000 ordinary shares of HK$0.1 each. On the same date, 1 ordinary share of HK$0.1 was allotted and issued at par to the initial subscriber, and was subsequently transferred to the immediate holding company of the Company on 1 September 2016 pursuant to the Reorganisation.

(b) On 1 September 2016, the authorised share capital of the Company was increased by HK$499,620,000 by the creation of 4,996,200,000 additional ordinary shares of HK$0.1 each, ranking pari passu in all respects with the existing shares of the Company.

(c) On 1 September 2016, the Company allotted and issued 1,999,999,999 ordinary shares of HK$0.1 each to the then shareholders of Crest Pacific in exchange for the entire issued share capital of Crest Pacific pursuant to the Reorganisation.

(d) In connection with the Company's initial public offering, 560,000,000 ordinary shares of HK$0.1 each were issued at a price of HK$2.88 per share for a total cash consideration, before expenses, of approximately HK$1,612,800,000. Dealing in the shares of the Company on the Stock Exchange commenced on 24 November 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

We are principally engaged in i) system-integration ("**SI**") business, in which we design, integrate and sell gas-fired and diesel-fired engine-based gen-sets and power generation systems, utilizing our proprietary system designs and integration capabilities. We are one of the world's leading large gen-set system integration providers; and ii) investment, building and operating ("**IBO**") business, in which we invest in, build and lease and operate distributed power stations in collaboration with off-takers, to deliver electricity to the region. We are one of the largest private gas-fired engine-based distributed power station owners and operators in Southeast Asia.

Riding on the following strengths we had laid a sound foundation that paves way for further business expansion and future success:

1) Leveraging our leadership positions in SI and IBO business, we can deliver our solutions with "F-A-C-T" benefits to our customers and business partners. i.e. Fast Track, Adaptable, Cost Effective and Technologically Advanced.

2) We have strategic partnerships with some of the world's most reputable suppliers and contractors, such as MTU Friedrichshafen GmbH ("**MTU**"), Bergen Engines AS ("**Bergen**"), CRRC (Hong Kong) Co. Limited ("**CRRC**") and China National Technical Import & Export Corporation ("**CNTIC**"), to co-create value in our industry.

3) Our IBO business generates recurring revenue with high visibility and promising growth prospects.

4) Our SI and IBO businesses share expertise know-how, creating operational synergies, business opportunities and enhancing economies of scale.

5) Young, fuel-efficient and technologically advanced power generation system ("**PGS**") fleet delivers high competitive value in IBO business.

6) Highly experienced management and technical teams allow for fast execution of projects.

ACHIEVEMENT

The year of 2016 was an important milestone for the Group. On 24 November 2016, the shares of the Company were successfully listed on the Main Board of the Stock Exchange and raised a total proceeds, before expenses, of approximately HK$1.6 billion by issuing 560 million shares under its global offering. The initial public offering ("**IPO**") proceeds raised have empowered us to accelerate the development of our new IBO projects, by enabling us to realize more merger and acquisition plans, and to strengthen our leading position in the market. In addition, the IPO has broadened our shareholder base. The presence of quality strategic investors like CRRC Corporation Limited (Stock code: 1766) and CITIC Limited (Stock code: 267) not only represents the recognition of our achievement by the industry but also brings further collaboration opportunities in the future.

During the year, we have made remarkable progress in our IBO business development. Driven by the strong revenue growth of IBO business of 89.2%, the gross profit contribution from the IBO segment of 54.3% (2015: 41.3%) surpassed that of the SI segment in 2016. With higher mix of IBO business which generated recurring revenue and high growth potential, we have successfully expand from an electricity system integrator to include a business as a power station owner and operator who delivers electricity to Southeast Asia. Realizing this achievement within only a few years of operation in the IBO segment demonstrated our senior management team's clear strategy and vision in the industry and execution capabilities.

GROUP PERFORMANCE

During the year, IBO business has become the Group's major growth driver. The increase in the revenue and gross profit was mainly attributable to our new IBO projects, including two projects in Myanmar and one in Indonesia, which commenced operation during the year. In addition, 56.2MW Palembang and 49.9 MW Kyauk Phyu I projects have both full year operation in 2016.

For the year ended 31 December 2016, the Company's revenue surged by 26.2% to HK$1,531.0 million. From 2013 to 2016, the revenue has grown at a compound annual growth rate ("**CAGR**") of approximately 38.5%. The strong growth in the IBO business boosted the Group's gross profit margin from 28.4% to 32.5%. Net profit for the year ended 31 December 2016 reported significant increase of 57.2% to HK$222.0 million, when compared with the net profit for the year ended 31 December 2015 of HK$141.2 million. Excluding the one-off listing expenses, the Group's net profit surged by 82.7% to HK$263.2 million. The Board proposed a final dividend of HK2.57 cents per share.

Business Review

SI Business

According to Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent global market research and consulting company, which conducted market research and prepared a report on the gen-set system integration and distributed power generation ("**DPG**") market (the "**F&S Report**"), the global market for gen-sets will grow at a CAGR of approximately 8.7% from 2015 to 2020. The markets in Africa & Middle East and Asia Pacific are expected to experience a faster growth at a CAGR of approximately 11.0% and 9.8% respectively, mainly attributable to i) escalating electricity demand in emerging markets; ii) rapidly growing data center market; iii) increasing demand to supplement renewable energy generation; and iv) the rapid development of gas-fired DPG stations in China and emerging countries driven by the improving natural gas supplies and transition to clean energy.

Our sales mainly cover the fast growing applications including industry-grade and utility-grade DPG stations, governmental, residential and commercial buildings, hotels, data centers, telecommunication projects and railway projects in Africa, Middle East and Asia Pacific region. With our encouraging progress in expanding market penetration in the application of marine vessels and bio-gas market, SI business segment recorded a revenue of HK$1,063.1 million in 2016 (2015: HK$965.6 million), representing a year-on-year increase of 10.1%. In 2016, we sold gen-sets and PGS with an aggregate capacity of 470.2 MW (2015: 407.6 MW), representing a year-on-year increase of approximately 15.4% due to an increase in demand in the market. The solid growth of SI business further strengthened our world leading position as a large gen-set system integration provider. With our SI and IBO business complementing each other, we can further enhance our economies of scale, bargaining power, industry understanding, thus creating better competitive advantages.

IBO Business

From 2010 to 2015, Southeast Asia has experienced strong growth in power demand and this trend is set to continue through to 2020. However, there is underinvestment in both generation and network infrastructure in many emerging markets as a result of sub-optimal power supply planning and execution and the lack of access to capital. The gap between power supply and strong demand offers the opportunities for the DPG markets in these regions. According to the F&S Report, DPG installed capacity is expected to increase from 23.9GW to 39.7GW at a CAGR of approximately 10.7% from 2015 to 2020. Gas-fired DPG installed capacity is expected to grow at a CAGR of approximately 20.7%, outstripping overall growth of DPG installed capacity driven by the widespread availability, the cost effectiveness and environmental friendliness of natural gas as compared with other fossil fuels. From 2015 to 2020, gas-fired DPG installed capacity in Indonesia and Myanmar is expected to grow at CAGR of approximately 19.4% and 24.2% respectively.

Over the past few years, we have accumulated extensive experience and developed closer partnerships with the ultimate off-takers in our existing IBO markets. Our well-established platform with gen-set supplier MTU, subcontractors CRRC and CNTIC, local partners and the ultimate off-takers (PT. PLN (Persero) ("**PLN**") of Indonesia and Electric Power Generation Enterprise ("**EPGE**") of Myanmar, both of which are state-owned entities) has enabled us to efficiently capture business opportunities and deliver F-A-C-T benefits to DPG projects. In 2016, we have made a remarkable progress in further strengthening our leading market position in Indonesia and Myanmar by adding a DPG station of 56.4 MW in Indonesia and two DPG stations of 199.7 MW, in aggregate, in Myanmar. As at 31 December 2016, we had 8 (2015: 5) DPG stations in commercial operation in Indonesia, Myanmar and Bangladesh, with an aggregate installed capacity of 507.1 MW. The following table shows our current DPG stations in operation as at 31 December 2016:

Projects	Installed Capacity (MW)(1)	Contract Capacity (MW)(2)	Minimum Contracted Capacity (MW)(3)	Fuel Type	Start of Operations	Contract Length Including Renewals (months)	Ultimate Off-taker
Teluk Lembu I	20.3	12.0	9.6	Gas	December 2012	52	PLN
Teluk Lembu II	65.8	50.0	50.0	Gas	June 2014	60	PLN
Palembang	56.2	50.0	40.0	Gas	May 2015	30	PLN
Jambi	56.4	50.0	40.0	Gas	October 2016	60	PLN
Indonesia subtotal	198.7	162.0	139.6				
Kyauk Phyu I	49.9	45.0	35.3	Gas	March 2015	80	EPGE
Kyauk Phyu II	49.9	45.0	35.6	Gas	March 2016	60	EPGE
Myingyan	149.8	133.0	103.1	Gas	June 2016	60	EPGE
Myanmar subtotal	249.6	223.0	174.0				
Pagla, Bangladesh	58.8	50.0	N.A.	Diesel	September 2014(4)	60	Bangladesh Power Development Board
Total	507.1	435.0	313.6				

Notes:

(1) Installed capacity refers to the maximum power generating capacity of the DPG station based on aggregate capacity of PGSs installed.

(2) Contract capacity refers to the power generating capacity of the DPG stations that we are required to provide by contract. Typically, installed capacity is 10% to 20% more than contract capacity, which allows us to switch off individual PGSs for regular maintenance on-site.

(3) Minimum contracted capacity:

- For continuous DPG stations where our PGSs typically operate 24 hours a day, our operating or off-take agreements incorporate a take-or-pay obligation, which requires a minimum guaranteed off-take amount by the off-taker, which is the minimum contracted capacity. The minimum contracted capacity is typically 80% to 100% of the contract capacity.

- For peak-shaving DPG stations where our PGSs typically operate only during peak-demand hours, our operating or off-take agreements incorporate a capacity-based provision, the off-taker pays a fixed dollar amount to reserve a minimum power generation capacity at all times, which is the minimum contracted capacity.

(4) The 60-month operating agreement for Pagla started from 24 November 2013 and ends on 23 November 2018. The Pagla DPG station commenced commercial operations with our newly installed ISO-containerized PGSs on 15 September 2014.

In 2016, IBO business segment recorded a revenue of HK$467.9 million (2015: HK$247.3 million), representing a year-on-year increase of 89.2%. The increase in IBO revenue was primarily contributed by the following IBO projects:

— commencement of operation of 49.9 MW Kyauk Phyu II project in Myanmar in March 2016;

— commencement of operation of 149.8 MW Myingyan project in Myanmar in June 2016;

— commencement of operation of 56.4 MW Jambi project in Indonesia in October 2016; and

— 2016 full year operation of 56.2 MW Palembang and 49.9 MW Kyauk Phyu I projects, which commenced operations in second quarter and first quarter of 2015 respectively.

Research and development

Recognising the importance of the ability to continuously develop advanced products and power solutions to meet the ever-changing needs of the power market, we are committed to the pursuit of technology innovation and system enhancement to offer the latest power solutions.

Our research and development team will continue to focus on

i) Development of combined heat and power ("**CHP**") gas-fired power generation system to enable the reuse of residual heat generated from the system to produce steam or hot water for heating and cooling using an absorption chiller. Selling these byproducts from our DPG stations can increase our revenue and offer a more competitive pricing to off-takers.

ii) Development of power generation system using new forms of gas including liquified natural gas ("**LNG**"), compressed natural gas ("**CNG**") or waste-derived fuel such as biogas, landfill gas and syn-gas, with the aim to overcome the limitation of gas-fired PGS locations where gas pipelines are not available. In order to improve the logistics of LNG and strengthen supply chain of future LNG projects, the Group will work with relevant industry partners to formulate fast and affordable supply chain of LNG transportation, storage and regasification facilities to broaden the reach of future IBO projects.

iii) Continuous improvement in the quality, functionality, efficiency, reliability and cost structure of our existing gen-sets and DPG stations. For example, the Group has targeted to improve our PGS fuel efficiency by 10% including Organic Rankine Cycle system and also upgrade our ISO-containerized 20-foot PGS with a maximum power output from 1.56 MW to 2.0 MW.

Our technological leadership and key strategic relationships with reputable engine manufacturers have enabled us to maintain our leading position in the industry with a first-mover advantage on the development of CHP, LNG and CNG-fired PGSs and DPG stations.

OUTLOOK

The general market outlook matches our expectations. The market fundamentals remain strong resulted from structural power deficit continues to drive demand, particularly in our existing operating markets — Indonesia, Myanmar and Bangladesh. In general, we see a strong market outlook substantiating our 5-pillar business development strategies in our existing markets, new markets, new form of fuel, research and development, and acquisitions. We are also seeing increasing customer demand for larger-scale and longer-term flexible and fast track distributed power solutions. With our existing over 500MW of installed capacity and over 300MW capacity in construction and development, we remain confident in achieving our expected total installed capacity by year end, another major milestone we consider.

Among the projects in construction and development in our existing operating markets are Indonesia's 90MW of new capacity and renewable power projects in 2017. The expected next 5-year growth in Indonesia comes from the government's active approach in pushing forward its 35,000MW fast track power program, after a stalemate of 2016. For Myanmar, the strong market drive continues to come from the new government's strong desire in increasing its rate of electrification for its residents and industries, with us pursuing 60MW of distributed power stations and re-powering projects.

For our new market, the synergy among our SI business and IBO business is producing noticeable results, as envisaged. The new markets are presenting solid project opportunities to us, within which is our potential collaboration with a long-term SI customer in co-developing the 80MW HFO power station in Peru. We also found similar pleasing results from the Latin America, Middle East and Africa markets, where our SI customers are bringing along investment opportunities as well as project developments in our IBO business of over 200MW.

Regarding the new markets in Southeast Asia, we are benefiting from China's Belt and Road initiative, with strong new funding from Asian Infrastructure Investment Bank and The Silk Road Fund etc. to finance the infrastructure investments in the countries covered under the initiative. Power shortage remains a major problem for these countries and our fast-track and flexible distributed power generation solutions provide an ideal solution for their immediate needs. In view of the above favorable policies and industry trend, we expect the IBO business to remain as our major growth engine in the coming years in these new markets.

We are seeing a strong movement in the push for gas-fired distributed power in China. China market represents not only a new IBO market for us but also a new platform for our distributed power with different forms of fuel source and our promotion of optimization of energy efficiency by the adoption of combined heat and power generation. Under China's 13th Five-Year Plan for energy, the power industry will undergo a new era with focus on low carbon footprint and different energy mix. We are expecting to deliver a strong performance in both the SI business and IBO business in the China market, responding to the new demand for different power mix generated from the growth in the data centers and communication sector, enhancement of environment, lower carbon footprint, and government policies incentivizing the use of combined heat and power generation.

We are making inroads in expanding into power generation by different form of fuel such as liquefied natural gas, biogas, HFO and renewable fuel source. The potential 80MW Peru HFO project attests to our success in this area and provides the basic platform for further growth in this area. The strong push of using liquefied natural gas is evidenced by our response to the various requests for proposal from the government of Yangon of Myanmar and Sulawesi of Indonesia. The strong determination under the recent 13th Five-Year Plan of China in addressing the issues of proper treatment of biogas, agricultural and animal waste would provide a strong driver for our SI business and IBO business, with over 50MW installed capacity in development.

We are seeing good opportunities in acquisition due to some consolidation of smaller players in the industry. As such, we expect to enter into a formal relationship with our strategic cornerstone shareholder, CITIC Pacific, in forming a joint venture company for joint investment and co-development of clean and renewable distributed power generation projects.

With the above strategic and substantial development activities, together with the full year financial impact of our IBO projects which came into official operation in 2016, we will continue to maintain a strong growth momentum going forward, leading to another outstanding year.

Financial Review

Revenue

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

In 2016, the Group recorded a revenue of approximately HK$1,531.0 million, representing an increase of 26.2% as compared with approximately HK$1,212.8 million of the previous year. The increase in revenue was mainly due to the growth of IBO business. Please refer to IBO Business as set out in the paragraph headed "Business Review" for the significant increase in IBO 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			
	2016		2015	
	HK$'000	***% of total revenue***	*HK$'000*	*% of total revenue*
Hong Kong	**42,298**	**2.8**	143,520	11.8
Mainland China	**479,250**	**31.3**	506,054	41.7
Other Asian countries/territories[1]	**539,133**	**35.2**	313,595	25.9
Other countries/territories[2]	**2,455**	**0.2**	2,418	0.2
Total	**1,063,136**	**69.5**	965,587	79.6

Notes:

(1) Other Asian countries/territories include Singapore, Israel, South Korea, UAE, the Philippines, Malaysia, Indonesia, Bangladesh and Macau.

(2) Other countries/territories include South Africa, the United States, other countries in Africa and Mexico.

Our contracts for our IBO business are primarily denominated in U.S. dollars and IDR. The table below sets forth a revenue 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			
	2016		2015	
	HK$'000	***% of total revenue***	*HK$'000*	*% of total revenue*
Indonesia	**133,796**	**8.7**	109,521	9.0
Bangladesh	**92,418**	**6.0**	92,171	7.6
Myanmar	**241,661**	**15.8**	45,564	3.8
Total	**467,875**	**30.5**	247,256	20.4

Cost of sales

Under our SI business, our cost of sales mainly consists of cost of goods sold and services provided, staff costs, rental expense and depreciation. We use engines, radiators, alternators, other parts and ancillary equipment to produce gen-sets and PGSs. We incur rental expense for our manufacturing facilities.

Under our IBO business, our cost of sales mainly includes depreciation and operating expenses. We utilize contractors to operate and maintain our DPG stations.

For the years ended 31 December 2015 and 2016, our cost of sales was HK$868.9 million and HK$1,033.2 million, respectively, due to the increase in our IBO business.

Gross profit and gross profit margin

	Year ended 31 December			
	2016		2015	
	HK$'000	***gross profit margin %***	*HK$'000*	*gross profit margin %*
SI	**227,313**	**21.4**	201,760	20.9
IBO	**270,501**	**57.8**	142,228	57.5
Total	**497,814**	**32.5**	343,988	28.4

Gross profit of the Group was approximately HK$497.8 million, representing an increase of 44.7% as compared with approximately HK$344.0 million of the previous year. Gross profit margin for this year increased from 28.4% to 32.5% which was mainly attributable to the increase in sales mix of IBO business.

Profit before tax

Profit before tax for the year ended 31 December 2016 was approximately HK$253.1 million, representing an increase of 54.0% as compared with HK$164.4 million of the previous year. The increase was mainly due to the increase in number of IBO projects which significantly increase the revenue contributed by the IBO business.

Other income and gains

In 2016, other income and gains of the Group amounted to approximately HK$54.0 million, representing an increase of 17.6% as compared with approximately HK$45.9 million of the previous year. The increase was mainly attributable to net foreign exchange gain primarily due to the Euro depreciation in 2016.

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 2016, selling and distribution expenses of the Group decreased by 4.4% from approximately HK$25.1 million in 2015 to HK$24.0 million in 2016. It was mainly attributable to the decrease in commission expense.

Administrative expenses

Administrative expenses primarily consist of administrative service fees paid to an intermediate off-taker and an administrative service provider of our DPG station in Bangladesh, staff costs, legal and 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 2016, administrative expenses of the Group were approximately HK$201.4 million, an increase of 53.3% over the previous year of approximately HK$131.4 million. It was mainly due to (i) an increase in legal and professional fees mainly due to the listing expenses; (ii) an increase in office and other expenses as we expanded our business; (iii) an increase in insurance expenses as a result of entering into new projects in respect of our new DPG stations under our IBO business, and (iv) an increase in staff costs, traveling and related expenses mainly due to the growth of our DPG stations under our IBO business.

Other expenses, net

Net other expenses of the Group primarily consist of net loss on settlement of derivative financial instruments, fair value loss on an investment property and write-down of inventories to net realisable value. In 2016, net other expenses were approximately HK$4.5 million, which represented a decrease of 86.9% over the previous year of approximately HK$34.4 million. It was mainly due to a decrease in net loss on settlement of derivative financial instruments.

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 finance leases and other borrowings. In 2016, finance costs was approximately HK$68.8 million, which represented an increase of 98.3% over the previous year of approximately HK$34.7 million. It is primarily due to an increase in payables under our engineering, procurement and construction ("**EPC**") contracts and increase in bank borrowings as well as increase in interest on other borrowings as we entered into two finance lease agreements in December 2015.

Income tax expense

Income tax expense of the Group primarily consists of income tax payable by our subsidiaries in the PRC and Hong Kong. In 2016, income tax expense was approximately HK$31.1 million, an increase of 34.1% over the previous year of approximately HK$23.2 million, primarily due to an increase in our taxable income. Our effective tax rate was 12.3% and 14.1% for 2016 and 2015, respectively. The slight decrease in effective tax rate was primarily due to (i) a significant increase in overseas IBO business in 2016 than in 2015, which was subject to a lower tax rate than our SI business in Hong Kong, and (ii) which is partially offset by non-deductible listing expenses incurred in 2016.

Profit Attributable to Owners and Earnings per Share

In 2016, profit attributable to owners of the Company was approximately HK$222.0 million, representing an increase of approximately HK$80.8 million or approximately 57.2% as compared with approximately HK$141.2 million of the previous year. Excluding the one-off listing expenses, the Group's net profit surged by 82.7% to HK$263.2 million.

Basic earnings per share for the year ended 31 December 2016 were HK10.79 cents as compared with HK7.06 cents of the previous year.

Liquidity, Financial and Capital Resources

As at 31 December 2016, total current assets to the Group amounted to HK$3,058.4 million (2015: HK$1,766.5 million). In terms of financial resources as at 31 December 2016, cash and cash equivalents of the Group were HK$1,392.0 million (2015: HK$286.9 million).

As at 31 December 2016, total bank and other borrowings of the Group amounted to approximately HK$1,038.6 million (2015: HK$965.9 million), representing an increase of approximately 7.5% as compared to that of 31 December 2015. The Group's bank and other borrowings include short-term loans with 1-year maturity and term loans with maturity within 3 years. As at 31 December 2016, the Group's bank and other borrowings denominated in U.S. dollars and Euro were approximately HK$593.2 million (2015: HK$702.0 million) and approximately HK$415.4 million (2015: HK$175.7 million), respectively.

The Group's gearing ratio, which is calculated as a ratio of total interest-bearing bank and other borrowings to shareholders' equity was approximately 0.5 (2015: 1.8). As at 31 December 2016, the Group's current ratio was 1.8 (2015: 1.1).

Pledge of Assets

As at 31 December 2016, the Group pledged certain property, plant and equipment with a net book value of approximately HK$641.1 million (2015: HK$682.1 million) to certain banks and a finance leasing company to secure bank and other borrowings.

Exposure on Foreign Exchange Fluctuations

Most of the Group's revenue and payments are mainly in U.S. dollars, IDR, Renminbi and Euro. The impact of such difference would translate into our exposure to any particular currency fluctuations during the year. The Group has a hedging policy to manage such risks and costs associated with currency fluctuations.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 December 2016 (2015: Nil).

Capital Expenditures

For the year ended 31 December 2016, the Group invested HK$1,136.5 million (2015: HK$420.3 million) in property, plant and equipment and spent HK$1,133.7 million (2015: HK$415.4 million) mainly for new IBO projects relate to prospective DPG projects located in Indonesia and Myanmar. These capital expenditures were financed by equity issuances, operations, EPC payables and bank and other borrowings.

EMPLOYEES

As at 31 December 2016, the Group had 215 employees (2015: 187). The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group has set out the Mandatory Provident Fund Scheme for the Hong Kong's employees and has made contributions to the state-sponsored pension scheme operated by the PRC government for the PRC employees. The Group has share option schemes to motivate valued employees.

FINAL DIVIDEND

The Board of the Company recommends the payment of a final dividend of HK2.57 cents per share for the year ended 31 December 2016 (2015: Nil) to shareholders whose names appear on the register of members of the Company on 8 June 2017 subject to the approval by the shareholders of the Company at the forthcoming annual general meeting to be held on Monday, 29 May 2017 (the "**2017 AGM**").

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement to attend the 2017 AGM, the register of members of the Company will be closed during the period from Wednesday, 24 May 2017 to Monday, 29 May 2017, 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 2017 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 by not later than 4:30 p.m. on Tuesday, 23 May 2017.

For the purpose of determining the entitlement to the proposed final dividend, the register of members of the Company will be closed during the period from Monday, 5 June 2017 to Thursday, 8 June 2017 (both days inclusive), during which period no transfer of share(s) of the Company will be effected. In order to qualify for the proposed final dividend, 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, 2 June 2017.

CORPORATE GOVERNANCE

The Company will continue its effort in maintaining high corporate governance standards so as to ensure better transparency and protection of interests of the shareholders and the Company. During the period from 24 November 2016 to 31 December 2016, the Company had complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities of the Stock Exchange (the "**Listing Rules**").

COMPLIANCE WITH MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, the Company was not aware of any non-compliance with the required standard as set out in the Model Code regarding securities transactions by directors during the period from 24 November 2016 to 31 December 2016.

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

During the period from 24 November 2016 to 31 December 2016, 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 met with the external auditors of the Company and reviewed the Group's annual results for the year ended 31 December 2016.

APPRECIATION

We would like to take this opportunity to send our gratitude to our shareholders, customers, suppliers and partners for their continuous support and confidence to the Group, and express our appreciation to our executives and staff across the nation for their dedication and contribution during the past year.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's corporate website at www.vpower.com under "Investors" and the HKExnews at www.hkexnews.hk under "Listed Company Information". The 2016 Annual Report will be despatched to shareholders of the Company and posted at the aforesaid websites in April 2017.

ANNUAL GENERAL MEETING

The 2017 AGM of the Company is to be held on Monday, 29 May 2017. Notice of the 2017 AGM will be published on the websites of both the Stock Exchange and the Company and despatched to the Company's shareholders in due course.

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

Hong Kong, 28 March 2017

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 Dr. Chan Ka Keung as non-executive directors; and Mr. David Tsoi, Mr. Yeung Wai Fai Andrew and Mr. Suen Wai Yu as independent non-executive directors.