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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2017

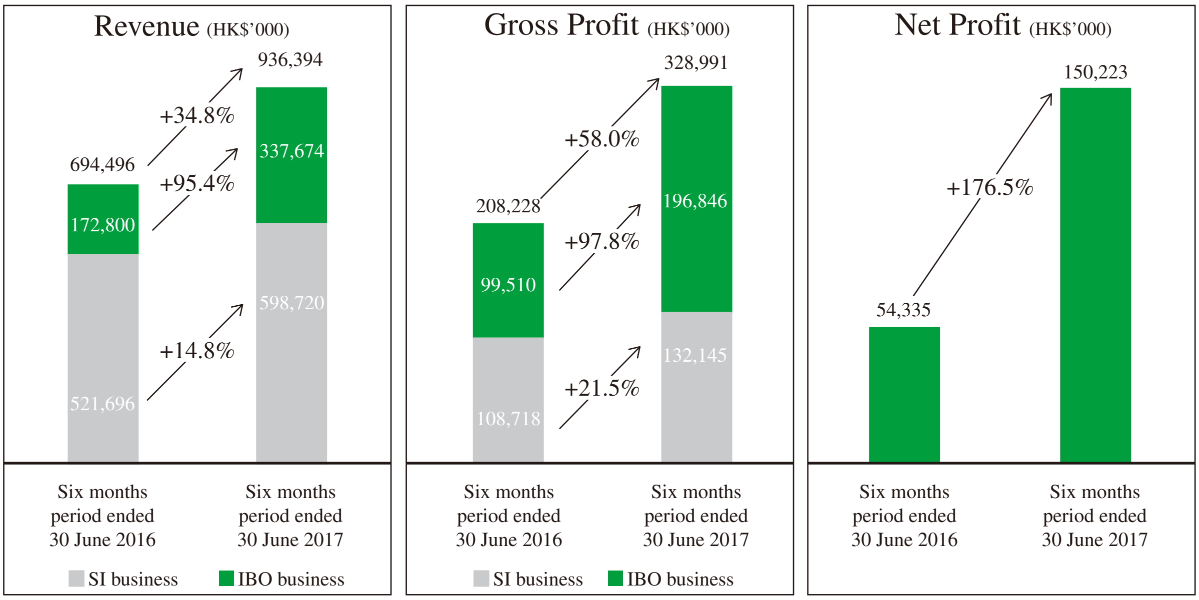
KEY HIGHLIGHTS

- Net profit for the six months period ended 30 June 2017 increased significantly by 176.5% to HK$150.2 million as compared to the six months period ended 30 June 2016.

- Revenue and gross profit for the six months period ended 30 June 2017 increased by 34.8% and 58.0% to HK$936.4 million and HK$329.0 million respectively.

  — For IBO business, revenue and gross profit for the six months period ended 30 June 2017 increased significantly by 95.4% and 97.8% to HK$337.7 million and HK$196.8 million respectively.

  — For SI business, revenue and gross profit for the six months period ended 30 June 2017 increased by 14.8% and 21.5% to HK$598.7 million and HK$132.1 million respectively.



- Gross profit margin for the six months period ended 30 June 2017 increased to 35.1%, of which IBO's gross profit margin increased to 58.3% and SI's gross profit margin increased to 22.1%.

- IBO business continued to grow in existing markets and expand to new markets using new types of fuel source such as biogas and HFO:

  - Latin America: investment in 80.0MW project in Peru and won 3 tenders of 70.3MW projects in Brazil

  - Middle East: potential acquisition of our SI customer which is one of the largest power rental and modular system solution providers in the Gulf Cooperation Council region

  - China: our first 26.8MW biogas project(s) using CHP system

  - Indonesia: new 54.0MW Medan project (including Aceh, Tanjung Belit, Tembilahan and Kota Tengah)

- VPower entered into strategic business initiatives with key global partners:

  - Joint venture agreement with F.K. for targeting Latin America and Israel markets

  - Memorandum of understanding with CITIC Pacific for targeting clean energy market

- Interim dividend of HK1.47 cents per share.

KEY FINANCIAL RESULTS

		Six months period ended 30 June		
		2017 ***HK$'000*** **(Unaudited)**	2016 *HK$'000* (Unaudited)	% of Change
Revenue	— SI	**598,720**	521,696	14.8
	— IBO	**337,674**	172,800	95.4
	— Total	**936,394**	694,496	34.8
Gross profit	— SI	**132,145**	108,718	21.5
	— IBO	**196,846**	99,510	97.8
	— Total	**328,991**	208,228	58.0
Net profit for the period		**150,223**	54,335	176.5
Basic earnings per share		**HK5.87 cents**	HK2.72 cents	115.8
Diluted earnings per share		**HK5.86 cents**	HK2.72 cents	115.4
Interim dividend per share		**HK1.47 cents**	—	N/A

The board of directors (the "**Board**") of VPower Group International Holdings Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months period ended 30 June 2017, together with comparative figures of the corresponding period in 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months period ended 30 June 2017

		Six months period ended 30 June	
		2017	2016
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	5	**936,394**	694,496
Cost of sales		**(607,403)**	(486,268)
Gross profit		**328,991**	208,228
Other income and gains	5	**15,347**	6,977
Selling and distribution expenses		**(9,814)**	(11,879)
Administrative expenses		**(76,045)**	(98,144)
Other expenses, net		**(61,155)**	(8,034)
Finance costs		**(38,950)**	(29,135)
PROFIT BEFORE TAX	6	**158,374**	68,013
Income tax	7	**(8,151)**	(13,678)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		**150,223**	54,335
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic		**HK5.87 cents**	HK2.72 cents
Diluted		**HK5.86 cents**	HK2.72 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months period ended 30 June 2017

	Six months period ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**150,223**	54,335
OTHER COMPREHENSIVE GAIN/(LOSS)		
Other comprehensive gain/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**6,066**	(3,359)
OTHER COMPREHENSIVE GAIN/(LOSS) FOR THE PERIOD, NET OF TAX	**6,066**	(3,359)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	**156,289**	50,976

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	30 June 2017 (Unaudited) HK$'000	31 December 2016 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	**2,047,739**	1,930,933
Investment property		**19,000**	19,000
Deposits		**45,986**	11,039
Deferred tax assets		**5,595**	5,965
Total non-current assets		**2,118,320**	1,966,937
CURRENT ASSETS			
Inventories		**418,208**	545,810
Trade and bills receivables	11	**854,128**	708,206
Prepayments, deposits and other receivables	12	**308,006**	102,496
Derivative financial instrument	13	**3,843**	—
Due from related companies		**7,395**	6,519
Tax recoverable		**12,438**	12,438
Pledged deposits		**43,219**	290,945
Cash and cash equivalents		**1,430,402**	1,392,009
Total current assets		**3,077,639**	3,058,423
CURRENT LIABILITIES			
Trade and bills payables	14	**467,238**	408,398
Other payables and accruals		**881,079**	556,304
Interest-bearing bank and other borrowings		**704,254**	716,588
Dividend payable		**37,632**	—
Tax payable		**22,221**	26,165
Provision for restoration		**2,755**	1,420
Total current liabilities		**2,115,179**	1,708,875
NET CURRENT ASSETS		**962,460**	1,349,548
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,080,780**	3,316,485

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	30 June 2017 (Unaudited) HK$'000	31 December 2016 (Audited) HK$'000
NON-CURRENT LIABILITIES			
Other payables		**498,276**	726,800
Interest-bearing bank and other borrowings		**259,813**	321,962
Provision for restoration		**1,550**	1,715
Deferred tax liabilities		**3,758**	3,758
Total non-current liabilities		**763,397**	1,054,235
Net assets		**2,317,383**	2,262,250
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	**256,000**	256,000
Reserves		**2,061,383**	2,006,250
Total equity		**2,317,383**	2,262,250

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 six months period ended 30 June 2017, the Group has been 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 "**Prospectus**").

The unaudited condensed 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 six months period ended 30 June 2017 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.

3. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months period ended 30 June 2017 have been prepared in accordance with the Hong Kong Accounting Standards 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand except when otherwise indicated.

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2016.

(a) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the condensed consolidated financial statements for the six months period ended 30 June 2017 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("**HKFRSs**", which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA, which are effective for the first time for the Group's annual periods beginning on or after 1 January 2017.

Amendments to HKFRS 12 included in *Annual Improvements 2014–2016 Cycle*	*Disclosure of Interests in Other Entities*
Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*

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, 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)

For the six months period ended 30 June 2017 (unaudited)

	SI	IBO	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue:			
Sales to external customers	**598,720**	**337,674**	**936,394**
Intersegment sales	**4,751**	**—**	**4,751**
	603,471	**337,674**	**941,145**
Reconciliation:			
Elimination of intersegment sales			**(4,751)**
Revenue			**936,394**
Segment results	**41,241**	**179,185**	**220,426**
Reconciliation:			
Elimination of intersegment results			**(328)**
Bank interest income			**5,403**
Corporate and unallocated expenses, net			**(28,177)**
Finance costs			**(38,950)**
Profit before tax			**158,374**
Segment assets	**1,004,873**	**2,690,539**	**3,695,412**
Reconciliation:			
Corporate and unallocated assets			**1,500,547**
Total assets			**5,195,959**
Segment liabilities	**494,641**	**1,355,328**	**1,849,969**
Reconciliation:			
Corporate and unallocated liabilities			**1,028,607**
Total liabilities			**2,878,576**
Other segment information:			
Reversal of impairment of trade receivables	**(479)**	**—**	**(479)**
Depreciation	**1,521**	**75,991**	**77,512**
Capital expenditure	**3,347**	**189,053**	**192,400**

NOTES: (Con't)

For the six months period ended 30 June 2016 (unaudited)

	SI *HK$'000*	IBO *HK$'000*	Total *HK$'000*
Segment revenue:			
Sales to external customers	521,696	172,800	694,496
Intersegment sales	2,222	—	2,222
	523,918	172,800	696,718
Reconciliation:			
Elimination of intersegment sales			(2,222)
Revenue			694,496
Segment results	72,554	73,471	146,025
Reconciliation:			
Elimination of intersegment results			(100)
Bank interest income			451
Corporate and unallocated expenses, net			(49,228)
Finance costs			(29,135)
Profit before tax			68,013
Other segment information:			
Write-off of items of property, plant and equipment	94	—	94
Write-down of inventories to net realisable value	1,949	—	1,949
Depreciation	1,243	43,809	45,052
Capital expenditure	1,013	801,468	802,481
Year ended 31 December 2016 (audited)			
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

NOTES: (Con't)

Geographical information

(a) Revenue from external customers

	Six months period ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Hong Kong	**2,480**	10,226
Mainland China	**164,264**	302,208
Asian countries	**690,451**	381,965
Other countries	**79,199**	97
	936,394	694,496

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

(b) Non-current assets

	As at	As at
	30 June	31 December
	2017	2016
	(Unaudited)	(audited)
	HK$'000	*HK$'000*
Hong Kong	**69,742**	32,569
Mainland China	**3,573**	3,689
Asian countries	**2,039,096**	1,924,223
	2,112,411	1,960,481

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

5. 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:

	Six months period ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**598,720**	521,696
Provision of distributive power solutions	**337,674**	172,800
	936,394	694,496
Other income		
Bank interest income	**5,403**	451
Loan interest income	**4,761**	—
Other interest income	**—**	1,126
Income from contract assignment/novation	**4,411**	4,604
Rental income	**420**	420
Government grants*	**83**	217
Others	**269**	44
	15,347	6,862
Gains		
Fair value gain on derivative financial instrument	**—**	114
Gain on disposal of items of property, plant and equipment, net	**—**	1
	—	115
	15,347	6,977

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

NOTES: (Con't)

6. PROFIT BEFORE TAX

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

	Six months period ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation*	**77,512**	45,052
Net loss on settlement of derivative financial instruments	**—**	698#
Fair value loss on an investment property	**—**	1,100#
Fair value loss/(gain) on derivative financial instrument — transaction not qualifying as hedge	**1,368#**	(114)
Reversal of impairment of trade receivables	**(479)#**	—
Write-off of items of property, plant and equipment	**—**	94#
Write-down of inventories to net realisable value	**—**	1,949#
Foreign exchange difference, net	**60,266#**	4,193#
Equity-settled share option expense	**2,268**	—

* Included in the cost of sales for the period was depreciation charges of HK$75,819,000 (six months period ended 30 June 2016: HK$43,959,000).

Included in "Other expenses, net" in the unaudited condensed consolidated statement of profit or loss.

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months period ended 30 June 2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	Six months period ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current — Hong Kong		
Charge for the period	**2,692**	5,244
Overprovision in prior periods	**—**	(3)
Current — Elsewhere		
Charge for the period	**5,089**	7,976
Overprovision in prior periods	**—**	29
Deferred	**370**	432
Total tax charge for the period	**8,151**	13,678

8. INTERIM DIVIDEND

On 28 August 2017, the Board declared an interim dividend of HK1.47 cents per share (six months period ended 30 June 2016: Nil), totalling HK$37,632,000 (six months period ended 30 June 2016: Nil).

The interim dividend of HK$50,002,000 was declared by Crest Pacific Investments Limited ("**Crest Pacific**") in 2016, a subsidiary of the Company, to the then shareholders during the six months period ended 30 June 2016.

NOTES: (Con't)

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

The calculation of the basic earnings per share amount for the six months period ended 30 June 2017 is based on the profit for the period attributable to ordinary equity holders of the Company of HK$150,223,000 (six months period ended 30 June 2016: HK$54,335,000), and the number of ordinary shares of 2,560,000,000 (six months period ended 30 June 2016: 2,000,000,000) in issue during the period, on the assumption that the Reorganisation had been completed on 1 January 2016.

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

	Six months period ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (HK$'000)	**150,223**	54,335
Weighted average number of shares in issue (shares in thousands)	**2,560,000**	2,000,000
Adjustment for share options (shares in thousands)	**1,356**	—
Weighted average number of shares for the purpose of calculating diluted earnings per share (shares in thousands)	**2,561,356**	2,000,000
Diluted earnings per share (HK cents)	**5.86**	2.72

10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment of HK$192,400,000 (six months period ended 30 June 2016: HK$802,481,000). There were no write-off of property, plant and equipment during the six months period ended 30 June 2017 (six months period ended 30 June 2016: HK$1,033,000).

11. TRADE AND BILLS RECEIVABLES

	30 June	31 December
	2017	2016
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Trade and bills receivables	**855,767**	710,281
Impairment	**(1,639)**	(2,075)
	854,128	708,206

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 180 days. 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.

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

	30 June 2017 (Unaudited) ***HK$'000***	31 December 2016 (Audited) *HK$'000*
Within 30 days	**450,972**	326,882
31 to 60 days	**81,972**	92,209
61 to 90 days	**38,253**	48,328
91 to 180 days	**71,679**	191,973
181 to 360 days	**202,621**	41,968
Over 360 days	**8,631**	6,846
	854,128	708,206

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The amount of prepayments, deposits and other receivables includes a loan receivable of HK$218,091,000 (31 December 2016: HK$77,500,000) which is unsecured, bear interest from London Interbank Offered Rate plus 7.5% per annum and is repayable within one year.

13. DERIVATIVE FINANCIAL INSTRUMENT

	30 June 2017 (Unaudited) ***HK$'000***	31 December 2016 (Audited) *HK$'000*
Fair value of the currency options	**3,843**	—

The Group has entered into various currency options to manage its exchange rate exposures. These options are not designated for hedge purposes and are measured at fair value through profit or loss. Changes in the fair value of non-hedging currency derivatives amounting to HK$1,368,000 were charged to the condensed consolidated statement of profit or loss during the six months period ended 30 June 2017 (six months period ended 30 June 2016: Nil).

14. 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:

	30 June 2017 (Unaudited) ***HK$'000***	31 December 2016 (Audited) *HK$'000*
Within 1 month	**194,744**	139,733
1 to 2 months	**19,132**	43,110
2 to 3 months	**1,587**	40,685
Over 3 months	**251,775**	184,870
	467,238	408,398

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

15. SHARE CAPITAL

	30 June 2017 (Unaudited) *HK$'000*	31 December 2016 (Audited) *HK$'000*
Authorised:		
5,000,000,000 ordinary shares of HK$0.1 each	**500,000**	500,000
Issued and fully paid:		
2,560,000,000 ordinary shares of HK$0.1 each	**256,000**	256,000

A summary of movements in the Company's authorised and issued share capital during the period from 22 February 2016 (date of incorporation) to 30 June 2017 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 and 30 June 2017		**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 and 30 June 2017		**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 ("**PGSs**"), 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 the largest private gas-fired engine-based distributed power station owner and operator in Southeast Asia.

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 and 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) increasing demand to supplement renewable energy generation; ii) rapidly growing data center market; and iii) 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 the Africa, Middle East and Asia Pacific regions. With our encouraging progress in expanding market penetration in the application of data centre, marine vessels and bio-gas markets, SI business segment recorded a revenue of HK$598.7 million for the six months period ended 30 June 2017 (six months period ended 30 June 2016: HK$521.7 million), representing a year-on-year increase of 14.8%. Such higher than industry average growth of SI business further strengthened our leading position in the segment. With our SI and IBO businesses complementing with each other, we can further enhance our economies of scale and bargaining power, deepen our industry knowledge, and thus create further lead against competition.

IBO Business

Southeast Asia's strong growth in power demand is likely to continue through 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 opportunities for the DPG markets in these regions. According to the F&S Report, DPG installed capacity in Southeast Asia 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. Such growth is mainly driven by the widespread availability, 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.

For the six months period ended 30 June 2017, IBO business segment recorded a revenue of HK$337.7 million (six months period ended 30 June 2016: HK$172.8 million), representing a year-on-year increase of 95.4%. The increase in IBO revenue was primarily contributed by the following IBO projects with six months full operation in 2017:

— 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; and

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

During the six months period ended 30 June 2017, we added the Medan DPG Project of 54.0 MW in Indonesia. As at 30 June 2017, we had 9 (31 December 2016: 8) DPG projects in commercial operation in Indonesia, Myanmar and Bangladesh, with an aggregate installed capacity of 561.1 MW. The following table shows our current DPG projects in operation as at 30 June 2017:

Projects	**Installed Capacity (MW)**[1]	**Contract Capacity (MW)**[2]	**Minimum Contracted Capacity (MW)**[3]
Teluk Lembu I	20.3	12.0	9.6
Teluk Lembu II	65.8	50.0	50.0
Palembang	56.2	50.0	40.0
Jambi	56.4	50.0	40.0
Medan[4]	54.0	45.0	33.9
Indonesia subtotal	252.7	207.0	173.5
Kyauk Phyu I	49.9	45.0	35.3
Kyauk Phyu II	49.9	45.0	35.6
Myingyan	149.8	133.0	103.1
Myanmar subtotal	249.6	223.0	174.0
Pagla, Bangladesh	58.8	50.0	NA
Total	561.1	480.0	347.5

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 Medan project consists of Aceh, Tanjung Belit, Tembilahan and Kota Tengah DPG stations.

Business development

During the six months period ended 30 June 2017, we have been actively (1) exploring new markets for both our IBO and SI businesses; and (2) identifying strategic partner(s) or acquisition target(s) for various new markets and segments. In May 2017, we announced our first participation in the IBO project in Latin America by offering a 3-year convertible loan of US$30 million to an 80.0MW heavy fuel oil ("**HFO**") DPG project owned by F.K. Generators and Equipment Ltd. ("**F.K.**") in Peru with contract length of 20 years ("**Peru Project**"). We have the right to convert the convertible loan into at least 51% equity in the project company within the loan period. During the six months period ended 30 June 2017, we secured our first biogas project(s) using combined heat and power ("**CHP**") system in China with contract length of 15 years.

Subsequent to the six months period ended 30 June 2017, we won three DPG tenders in Brazil jointly with a subsidiary of F.K. ("**Brazil Tenders**"), amounting to a planned install capacity of 70.3MW, marking our further expansion in Latin America and the effectiveness of collaboration with our existing SI customer. Inspired by the two projects in Peru and Brazil, and to strengthen our cooperation with F.K., we entered into a joint venture agreement with F.K. in August 2017. The major business of the potential joint venture will be (1) the development of and investment into SI and IBO (and other related) businesses in Latin America and Israel; (2) the support for the Peru Project and the Brazil Tenders; and (3) the potential acquisition of certain existing project(s) of F.K. with installed capacity of 143.2MW, and potential investment into F.K.'s domestic gas, diesel and rental businesses, subject to due diligence by us.

In August 2017, our Group together with an independent third party company ("**GCC JV Partner**") received the acceptance to a binding offer letter from the sellers (which are also independent third parties to us) for the sale and purchase of a power rental and modular solution provider in the Gulf Cooperation Council ("**GCC**") region. This target company is one of the largest power rental and modular system solution providers in the GCC region with 20 years of experience and has been our long standing SI customer since 2013. This potential transaction is expected to expand our business presence in the fast growing Middle East markets. Our Group and the GCC JV Partner intend to set up a 60:40 joint venture in the Dubai International Financial Centre to acquire, hold and operate the target company.

The following table shows our projects with contracts or MOU as of the date of this announcement:

Projects	Expected Install Capacity (MW)	Location
Iquitos	80.0	Peru
Amazonas State	70.3	Brazil
China Biogas	26.8	China
Rengat	20.0	Indonesia
Pagla II	58.8	Bangladesh
Ghana	56.2	Ghana
F.K. (subject to due diligence)	143.2	Latin America
Total	455.3	

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.

For example, our research and development team is focusing on:

i) the continuous improvement in the quality, functionality, efficiency, reliability and cost structure of our existing gen-sets and DPG stations. For example, the Group is field-testing our upgraded ISO-containerized 20-foot PGS with a maximum power output of up to 2.0 MW; and

ii) the development of sustainable operating model on waste reduction, including recycling and reuse of used lubricant oil by reprocessing it through technological advanced filtration system with no technical compromise to the engine's performance.

Outlook

We see a strong market outlook as a result of the ongoing structural power deficit in developing countries and the power reform of using more renewables in developed countries. We are also experiencing increasing customer demand and enquiries in both of our existing markets (such as Myanmar, Indonesia, Bangladesh and other Southeast Asia countries) and potential new markets in Latin America, Middle East and China. For the Southeast Asia market, we are benefiting from both the domestic growth in power consumption and the strong momentum of China's Belt and Road Initiative. Power generation segment is at the core of Belt and Road Initiative and we expect high growth for power consumption per capita in the countries along the Belt and Road Initiative for the next decade.

Replicating the success in our existing markets in Southeast Asia, we plan to expand our business into Latin America, Middle East and China this year. With the complementary nature of our two major business segments, SI and IBO, we have been actively developing our IBO business and identifying local partners and/or acquisition targets by leveraging on our extensive technical experience and global clientele in the SI market. In Latin America and Israel, we intend to strategically partner with our long standing SI customer F.K. and form a 51:49 joint venture. The World Bank expects Latin America's power consumption to more than double between 2010 and 2030, and estimates that US$430 billion of investment will be needed to meet that demand. Brazil is currently the largest electricity market in Latin America and is an important global emerging market. Given the rising energy demand associated with economic growth in the region and enhancing government support to accelerate the development of stable power supply, we expect the potential of Latin America market is enormous. In Middle East, we announced in August 2017 that we together with an independent partner intend to form a 60:40 joint venture to acquire our SI customer which is one of the largest power rental and modular system solution providers in the GCC region with over 20 years of experience. We see the Middle East market is growing rapidly as the region (in particular UAE and Saudi Arabia) is among the world's highest electricity consumers per capita and the electricity demand has continued to outpace supply growth. Under UAE's Vision 2021 National Agenda and Saudi Arabia's Vision 2030 and National Transformation Program 2020, we see a lot of emphasis on increasing the contribution of clean energy and implementing green growth plans. Under China's 13th Five-Year Plan for energy, the power industry will undergo a new era with focus on low carbon footprint, different energy mix and proper treatment of biogas, agricultural and animal waste, and the promotion of using CHP. This would provide a strong driver for our SI business and IBO business. This year we secured our first biogas project(s) with CHP system in China. With the above strategic business developments, we have laid out a very solid global platform to support our future high growth in each of the target regions and markets. In addition, we see tremendous market potential for our business in the developed market (such as Europe).

For our IBO business, we are seeing longer term contracts in some of the new contracts. For example, the Peru Project is 20 years while both the China biogas projects and two of the Brazil Tenders are 15 years. In addition, we are expanding into power generation by different forms of fuel such as biogas, HFO and renewable fuel source. We are also promoting optimisation of energy efficiency by the adoption of CHP system and renewable hybrid power generation in developed countries. We are happy to see our portfolio of projects continue to grow and diversify in terms of geographical area, contract length and fuel source.

With the above strategic business developments, together with our focus on IBO business and the full year financial impact of our IBO projects which came into official operation in 2016, we are confident to (1) maintain a strong and sustainable growth momentum; (2) improve revenue visibility; and (3) achieve a higher overall gross margin in the second half of 2017.

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 six months period ended 30 June 2017, the Group recorded a revenue of approximately HK$936.4 million, representing an increase of 34.8% as compared with approximately HK$694.5 million of the corresponding period in 2016. 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 period indicated, both in actual amounts and as a percentage of total revenue:

	Six months period ended 30 June			
	2017		2016	
	HK$'000	***% of total revenue***	*HK$'000*	*% of total revenue*
Hong Kong	**2,480**	**0.3**	10,226	1.5
Mainland China	**164,264**	**17.5**	302,209	43.5
Other Asian countries/territories[(1)]	**352,777**	**37.7**	209,164	30.1
Other countries/territories[(2)]	**79,199**	**8.4**	97	—
Total	**598,720**	**63.9**	521,696	75.1

Notes:

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

(2) Other countries/territories include Peru, Greece, the United States and Mexico.

Our contracts for our IBO business are primarily denominated in U.S. dollars and Indonesian Rupiah ("**IDR**"). The table below sets forth a revenue for our IBO business by geographical markets for the period indicated, both in actual amounts and as a percentage of total revenue:

	Six months period ended 30 June			
	2017		2016	
	HK$'000	***% of total revenue***	*HK$'000*	*% of total revenue*
Indonesia	**89,579**	**9.6**	60,358	8.7
Bangladesh	**47,283**	**5.0**	45,679	6.6
Myanmar	**200,812**	**21.5**	66,763	9.6
Total	**337,674**	**36.1**	172,800	24.9

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 six months period ended 30 June 2017 and 2016, our cost of sales was HK$607.4 million and HK$486.3 million, respectively, due to the increase in our IBO business.

Gross profit and gross profit margin

	Six months period ended 30 June			
	2017		2016	
	HK$'000	***gross profit margin %***	*HK$'000*	*gross profit margin %*
SI	**132,145**	**22.1**	108,718	20.8
IBO	**196,846**	**58.3**	99,510	57.6
Total	**328,991**	**35.1**	208,228	30.0

Gross profit of the Group was approximately HK$329.0 million for the six months period ended 30 June 2017, representing an increase of 58.0% as compared with approximately HK$208.2 million of the corresponding period in 2016. Gross profit margin for the six months period ended 30 June 2017 increased to 35.1% from 30.0% for the six months period ended 2016 which was mainly attributable to the increase in sales mix of IBO business.

Profit before tax

Profit before tax for the six months period ended 30 June 2017 was approximately HK$158.4 million, representing an increase of 132.9% as compared with HK$68.0 million of the corresponding period in 2016. 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 the six months period ended 30 June 2017, other income and gains of the Group amounted to approximately HK$15.3 million, representing an increase of 118.6% as compared with approximately HK$7.0 million of the corresponding period in 2016. The increase was mainly attributable to bank interest income and loan interest income in six months period ended 30 June 2017.

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. The selling and distribution expenses of the Group decreased by 17.6% from approximately HK$11.9 million for the six months period ended 30 June 2016 to HK$9.8 million for the six months period ended 30 June 2017 was mainly due to the decrease in commission expense.

Administrative expenses

Administrative expenses primarily consist of administrative service fees, 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 the six months period ended 30 June 2017, administrative expenses of the Group were approximately HK$76.0 million, a decrease of 22.5% compared with the corresponding period in 2016 of approximately HK$98.1 million. It was mainly due to decrease in legal and professional fee for Initial Public Offer of the Company ("**IPO**") in 2016.

Other expenses, net

Other expenses, net of the Group primarily consist of unrealised foreign exchange loss on realignment of accounts payable and bank borrowings which were denominated in Euro for purchases of equipment and engines. In the six months period ended 30 June 2017, other expenses, net were approximately HK$61.2 million, which represented an increase of 665.0% over the corresponding period in 2016 of approximately HK$8.0 million. The increase was mainly attributable to net foreign exchange loss primarily due to the Euro appreciation in the first half year of 2017.

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 the six months period ended 30 June 2017, finance costs was approximately HK$39.0 million, which represented an increase of 34.0% over the corresponding period in 2016 of approximately HK$29.1 million. It was primarily due to an increase in notional interest for the EPC payables.

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 the six months period ended 30 June 2017, income tax expense was approximately HK$8.2 million, a decrease of 40.1% compared with the corresponding period in 2016 of approximately HK$13.7 million, and our effective tax rate was 5.1% and 20.1% for the six months period ended 30 June 2017 and 2016, respectively. Both decrease were primarily due to a significant increase in overseas IBO business in the six months period ended 30 June 2017 than in the corresponding period 2016, which was subject to a lower tax rate than our SI business in Hong Kong. Moreover there was one-off non-deductible expense for IPO in 2016.

Profit Attributable to Owners and Earnings per Share

In six months period ended 30 June 2017, profit attributable to owners of the Company was approximately HK$150.2 million, representing an increase of approximately HK$95.9 million or approximately 176.5% as compared with approximately HK$54.3 million of the corresponding period in 2016.

The increase was mainly due to an increase of revenue and partially offset by the increase of the unrealised foreign exchange loss for the six months period ended 30 June 2017 compared with that of the six months period ended 30 June 2016.

Basic earnings per share for the six months period ended 30 June 2017 were HK5.87 cents as compared with HK2.72 cents of the corresponding period in 2016.

Liquidity, Financial and Capital Resources

As at 30 June 2017, total current assets of the Group amounted to HK$3,077.6 million (31 December 2016: HK$3,058.4 million). In terms of financial resources as at 30 June 2017, cash and cash equivalents of the Group were HK$1,430.4 million (31 December 2016: HK$1,392.0 million).

As at 30 June 2017, total bank and other borrowings of the Group amounted to approximately HK$964.1 million, representing a decrease of approximately 7.2% as compared to HK$1,038.6 million as of 31 December 2016. 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 30 June 2017, the Group's bank and other borrowings denominated in U.S. dollars and Euro were approximately HK$349.0 million (31 December 2016: HK$593.2 million) and approximately HK$593.4 million (31 December 2016: HK$415.4 million), respectively.

The increase in total current assets and cash and cash equivalents and the decrease in total bank and other borrowings of the Group were mainly attributable to the Group internally generated cash flows from operations and the net proceeds received from the IPO of the Company in November 2016.

The Group's net gearing ratio, which is calculated as a ratio of total interest-bearing bank and other borrowings less cash and cash equivalents and pledged deposits to shareholders' equity was approximately -0.2 (31 December 2016: -0.3). As at 30 June 2017, the Group's current ratio was 1.5 (31 December 2016: 1.8).

Pledge of Assets

As at 30 June 2017, the Group pledged certain property, plant and equipment with a net book value of approximately HK$618.3 million (31 December 2016: HK$641.1 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 ("**RMB**") and Euro. The impact of such difference would translate into our exposure to any particular currency fluctuations during the period. The Group has a hedging policy to manage such risks and costs associated with currency fluctuations.

The Group is exposed to foreign exchange risk through sales and purchase that are dominated in currencies other than the functional currency of the respective operations. The currencies involved are primarily Euro, IDR and RMB. The Group' majority of purchases are either in Euro or U.S. dollar. During the period, the Group entered into plain vanilla currency option contracts to hedge its partial foreign exchange exposure against Euro appreciation. The Group will closely follow the hedging policy and monitor its overall foreign exchange exposure from time to time to minimize the relevant exposures.

As market conditions continue to evolve, the Group's Investment Committee will continue to closely monitor the currency and adopt strategies that, if necessary, reduce the exposure of currency risks.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2017 (31 December 2016: Nil).

Capital Expenditures

For the six months period ended 30 June 2017, the Group invested HK$192.4 million (31 December 2016: HK$1,136.5 million) in property, plant and equipment and spent HK$189.1 million (31 December 2016: HK$1,133.7 million) mainly for new IBO projects relate to prospective DPG projects located in Indonesia and Myanmar. These capital expenditures were financed by proceeds from IPO, profit generated from operations, EPC payables and bank and other borrowings.

MATERIAL ACQUISITION AND DISPOSAL

The Group did not have material acquisition and disposal of subsidiaries, associates and joint ventures during the six months period ended 30 June 2017.

EMPLOYEES

As at 30 June 2017, the Group had 256 employees (31 December 2016: 215). The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group has set up 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. For the six months period ended 30 June 2017, the Group provided internal and external training (e.g. orientation training, on-the job training, product training and site safety training) to enrich knowledge and skills of our employees.

INTERIM DIVIDEND

The Board of the Company has resolved to declare an interim dividend of HK1.47 cents per share for six months period ended 30 June 2017 payable on Monday, 25 September 2017 to the shareholders of the Company whose names appear on the register of members of the Company on Thursday, 14 September 2017.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement to the interim dividend, the register of members of the Company will be closed during the period from Tuesday, 12 September 2017 to Thursday, 14 September 2017 (both days inclusive), during which period no transfer of share(s) of the Company will be effected. In order to qualify for the interim 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 Monday, 11 September 2017.

USE OF PROCEEDS FROM GLOBAL OFFERING

Intended use of net proceeds as stated in the Prospectus ("**Net Proceeds**")	Net Proceeds *(HK$ million)*	Actual use of proceeds up to 31 December 2016 *(HK$ million)*	Unutilised amount as at 31 December 2016 *(HK$ million)*	**Actual use of proceeds from 1 January to 30 June 2017** ***(HK$ million)***	**Unutilised amount as at 30 June 2017** ***(HK$ million)***
— Developing and investing for IBO business					
(a) for expanding into new markets (such as Africa, the Middle East and China)	455.1	(77.5)	377.6	**(142.1)**	**235.5**
(b) for projects in our existing markets	379.2	—	379.2	**(171.4)**	**207.8**
— Expansion of SI business					
(a) budget for purchasing engines and ancillary equipment by the end of 2017	75.9	(10.6)	65.3	**(64.4)**	**0.9**
(b) (i) enhancing our assembly line for system integration; (ii) remuneration for additional system integration, sales and services staff and (iii) research and development for CHP and power generation using new forms of gas by the end of 2018	227.5	—	227.5	**(73.1)**	**154.4**
— Developing domestic and overseas offices and technical support facilities as well as strengthening presence in key markets for SI and IBO businesses	151.7	—	151.7	**(14.8)**	**136.9**
— Research and development activities	75.9	—	75.9	**(7.9)**	**68.0**
— Working capital and other general corporate purposes	151.7	(69.6)	82.1	**(61.5)**	**20.6**
Total	1,517.0	(157.7)	1,359.3	**(535.2)**	**824.1**

The unutilised amounts of the Net Proceeds will be applied in the manner consistent with that mentioned in the Prospectus.

The Board is not aware of any material change to the planned use of Net Proceeds as at the date of this announcement.

The unused Net Proceeds have been placed as bank balances/time deposits with licensed banks in Hong Kong as at the date of this announcement.

CORPORATE GOVERNANCE

Throughout the six months period ended 30 June 2017, the Company had complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited (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**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry, the Company confirms that the directors of the Company complied with the required standard as set out in the Model Code throughout the six months period ended 30 June 2017.

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

During the six months period ended 30 June 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with the management of the Company, the accounting principles and practices adopted by the Group; discussed internal controls and risk management; and financial reporting matters in August 2017 including a review of the unaudited interim financial statements of the Group for the six months period ended 30 June 2017.

EVENTS AFTER THE REPORTING PERIOD

(i) On 18 July 2017 ("**Adoption Date**"), the Company has adopted the share award scheme ("**Share Award Scheme**") in which any individual being an employee (including without limitation any executive director) or consultant of any member of the Company and its subsidiaries at any time during the period beginning from the Adoption Date and ending upon the first to happen of the following, namely, (a) 17 July 2027, being the expiry of the period of 10 years beginning from the Adoption Date; or (b) such date of early termination as determined by the Board. A summary of the rules relating to the Share Award Scheme has been set out in the announcement of the Company dated 18 July 2017 (which can be reviewed on the Company's website: www.vpower.com);

(ii) On 3 August 2017, VPower Group Holdings Limited ("**VGH**"), an indirect wholly-owned subsidiary of the Company, and F.K., entered into the agreement in relation to the formation of a joint venture company (the "**JV Company**") to further strengthen the cooperation of the two groups in the following areas: (1) development of and investment into SI and IBO (and other related) business activities in Latin America, Israel, and other geographies to be approved by the board of the JV Company; (2) formulation of support, management arrangement and execution plan of the Brazil Projects and 80.0MW Peru Project; (3) acquisition of certain existing IBO project(s) of F.K. and its subsidiaries with installed capacity of 143.2MW, and co-investment into F.K.'s domestic gas, diesel and rental businesses, subject to satisfactory due diligence by VGH and approval of relevant regulatory bodies. The equity interest in the JV Company held by VGH and F.K. shall be 51% and 49%, respectively. Details of which has been set out in the announcement of the Company dated 3 August 2017 (which can be reviewed on the Company's website: www.vpower.com); and

(iii) On 28 August 2017, the Company and an independent third party company incorporated in the Emirate of Dubai in the United Arab Emirates received the acceptance to a binding offer letter from the sellers, which are independent third parties to the Company, for the sale and purchase of a company established in the Emirate of Dubai in the United Arab Emirates. Details of which has been set out in the announcement of the Company dated 28 August 2017 (which can be reviewed on the Company's website: www.vpower.com).

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 for their dedication and contribution during the period.

PUBLICATION OF INTERIM RESULTS AND INTERIM 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 2017 Interim Report will be despatched to shareholders of the Company and posted at the aforesaid websites in September 2017.

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

Hong Kong, 28 August 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 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.