



# Lighten Up the World of Possibilities



VPower Group International Holdings Limited  
(Incorporated under the laws of the Cayman Islands with limited liability)

## 2017 Interim Report

Stock Code: 1608



# Company Profile

## **VPower Group International Holdings Limited**

(VPower) (SEHK:1608) is one of the world's leading large gen-set system integration providers and South-east Asia's largest private gas-fired engine-based distributed power generation (DPG) station owner and operator.

We deliver much-in-demand electricity to keep industries running and power the growth of fast-developing regions through (1) designing, integrating and selling gen-sets and power generation systems that run on either natural gas or diesel, (2) designing, investing in, building, leasing and in collaboration with off-takers, operating DPG stations. Together, they make up our two principal business segments: (1) System Integration (SI) business and (2) Investment, Building and Operating (IBO) business.

Our core strategy is to build on our successful IBO business in existing markets, and tap into new regions leveraging our multi-country platform and replicable business model; expand into combined heat & power (CHP) and power generation using new forms of fuel; develop a new generation of gen-sets that are more fuel efficient and establish joint ventures to enhance our technological leadership and grow our business.

We seek to build on our proprietary system designs and integration capabilities and the market network developed over the past 20 years to effectively manage the risks and improve the efficiency of our IBO business's expansion into new markets, and to continue to deliver DPG stations with (F-A-C-T) benefits-Fast Track, Adaptable, Cost Effective and Technologically Advanced-to build long term value for our shareholders, our partners and our customers.

## Contents

Company Profile .....	1
Financial Highlights .....	2
Management Discussion and Analysis .....	4
Condensed Consolidated Statement of Profit or Loss .....	15
Condensed Consolidated Statement of Comprehensive Income .....	16
Condensed Consolidated Statement of Financial Position .....	17
Condensed Consolidated Statement of Changes in Equity.....	19
Condensed Consolidated Statement of Cash Flows .....	20
Notes to Financial Statements .....	21
Other Information .....	39
Corporate Information .....	53

## Financial Highlights

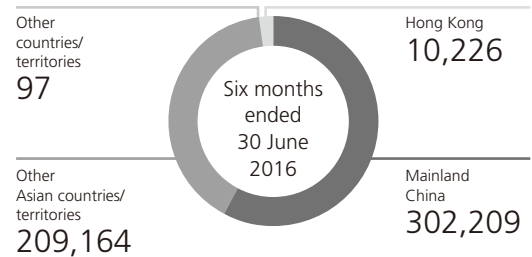
### Revenue — SI (HK\$'000)

	Six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
Hong Kong	2,480	10,226
Mainland China	164,264	302,209
Other Asian countries/territories	352,777	209,164
Other countries/territories	79,199	97
<b>Total</b>	<b>598,720</b>	<b>521,696</b>

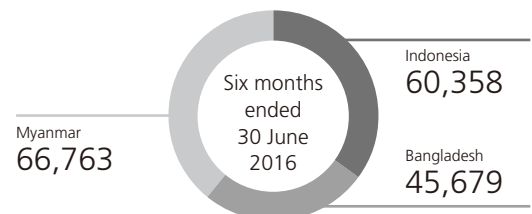
### Revenue — IBO (HK\$'000)

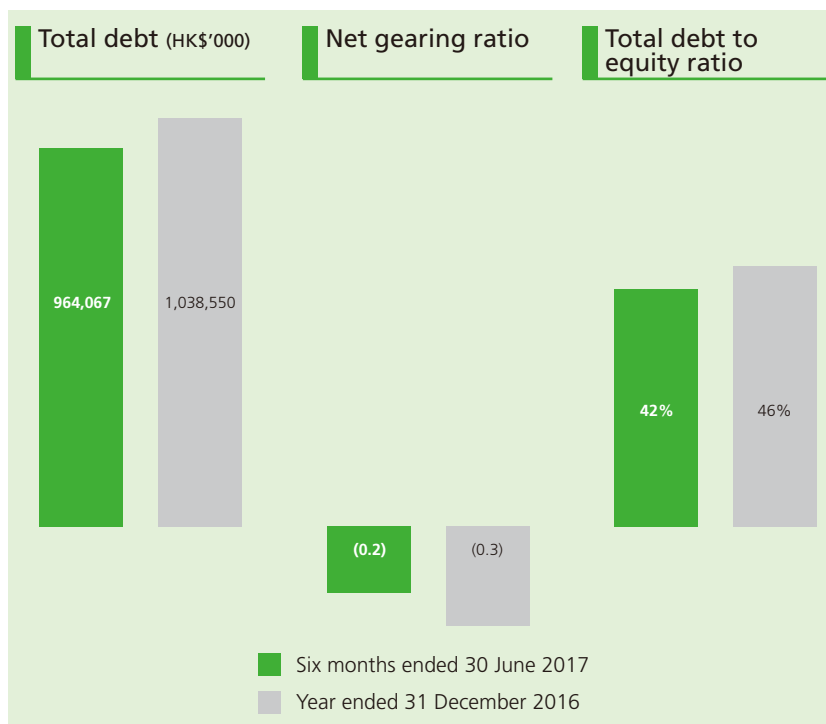
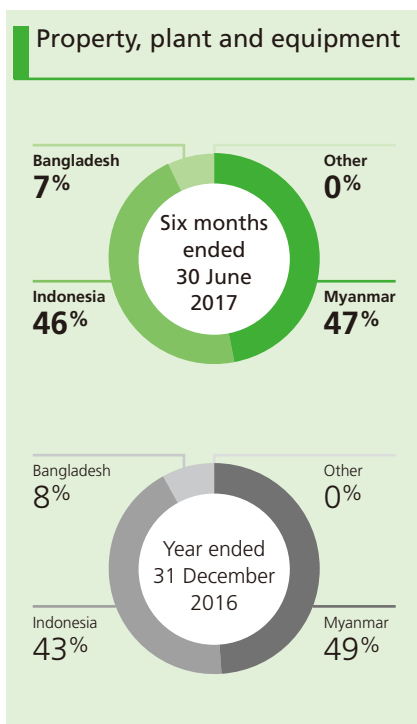
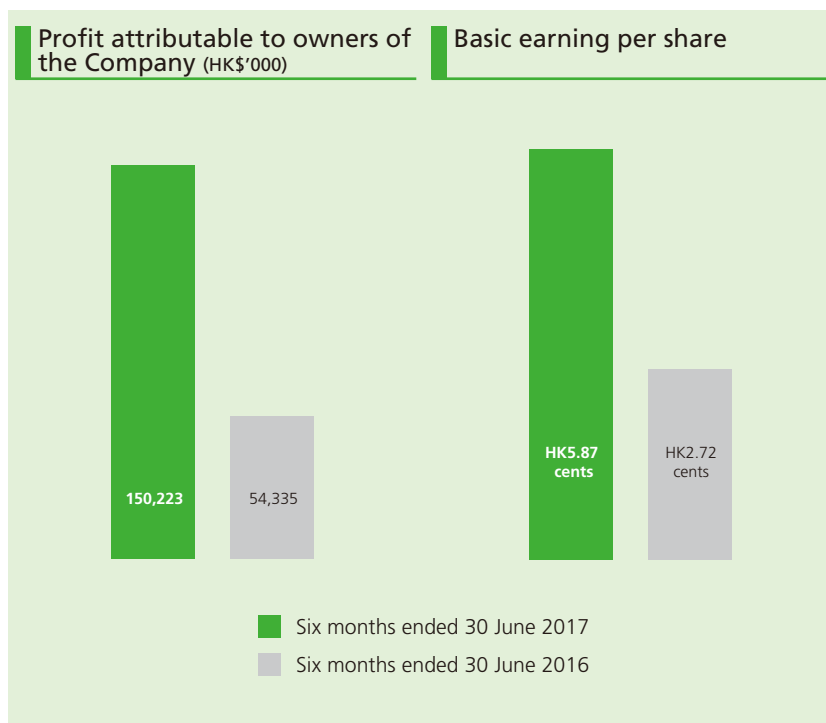
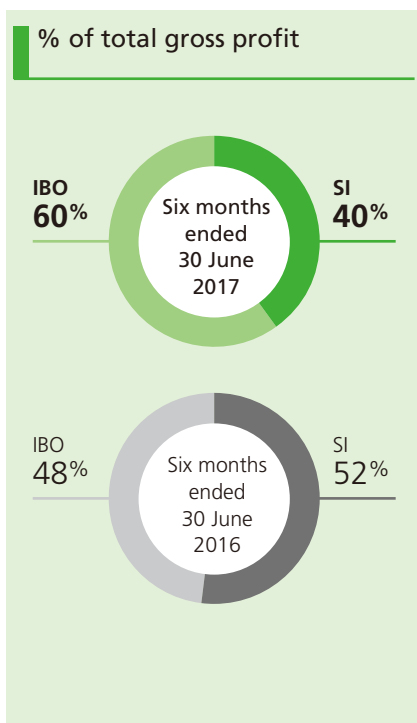
	Six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
Indonesia	89,579	60,358
Bangladesh	47,283	45,679
Myanmar	200,812	66,763
	<b>337,674</b>	<b>172,800</b>

### Revenue by geographical locations — SI (HK\$'000)



### Revenue by geographical locations — IBO (HK\$'000)





# 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 ended 30 June 2017 (six months 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 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 of electricity 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 ended 30 June 2017, IBO business segment recorded a revenue of HK\$337.7 million (six months 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 49.9MW Kyauk Phyu II project in Myanmar in March 2016;
- commencement of operation of 149.8MW Myingyan project in Myanmar in June 2016; and
- commencement of operation of 56.4MW Jambi project in Indonesia in October 2016.

**We had 9 DPG projects in commercial operation in Indonesia, Myanmar and Bangladesh, with an aggregate installed capacity of 561.1MW**

Indonesia, Myanmar and Bangladesh

## Management Discussion and Analysis

During the six months ended 30 June 2017, we added the Medan DPG Project of 54.0MW 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) <sup>(1)</sup>	Contract Capacity (MW) <sup>(2)</sup>	Minimum Contracted Capacity (MW) <sup>(3)</sup>
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 <sup>(4)</sup>	54.0	45.0	33.9
<b>Indonesia subtotal</b>	<b>252.7</b>	<b>207.0</b>	<b>173.5</b>
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
<b>Myanmar subtotal</b>	<b>249.6</b>	<b>223.0</b>	<b>174.0</b>
Pagla, Bangladesh	58.8	50.0	NA
<b>Total</b>	<b>561.1</b>	<b>480.0</b>	<b>347.5</b>

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 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 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 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 interim report:

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
<b>Total</b>	<b>455.3</b>	

## Management Discussion and Analysis

### **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 2.0MW; 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 is a core focus of the 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 the enhancing government support to accelerate the development of stable power supply, we expect the potential of Latin America market to be 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 growing rapidly as the region (in particular UAE and Saudi Arabia) among the world's highest electricity consumption per capita and its 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 13<sup>th</sup> 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 of 20 years while both the China biogas projects and two of the Brazil Tenders are of 15 years. In addition, we are expanding into power generation by different forms of fuel such as biogas, heavy fuel oil 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 the six months 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.

## Management Discussion and Analysis

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

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 ended 30 June		2016	
	2017	% of total revenue	2016	% of total revenue
	HK\$'000		HK\$'000	
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
<b>Total</b>	<b>337,674</b>	<b>36.1</b>	<b>172,800</b>	<b>24.9</b>

**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 PGs. 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 ended 30 June 2017 and 2016, our cost of sales were 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 ended 30 June			
	2017		2016	
	<i>HK\$'000</i>	<i>gross profit margin %</i>	<i>HK\$'000</i>	<i>gross profit margin %</i>
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 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 ended 30 June 2017 increased to 35.1% from 30.0% for the six months ended 2016 which was mainly attributable to the increase in sales mix of IBO business.

## Management Discussion and Analysis

### **Profit before tax**

Profit before tax for the six months 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 which has higher profit margin.

### **Other income and gains**

In the six months 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 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 ended 30 June 2016 to HK\$9.8 million for the six months 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 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 fees for the 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 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 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 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 ended 30 June 2017 and 2016, respectively. Both decrease were primarily due to a significant increase in overseas IBO business in the six months 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 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 ended 30 June 2017 compared with that of the six months ended 30 June 2016.

Basic earnings per share for the six months 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's 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.

## Management Discussion and Analysis

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 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 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 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.



## Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2017

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

## Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	<b>150,223</b>	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	<b>6,066</b>	(3,359)
OTHER COMPREHENSIVE GAIN/(LOSS) FOR THE PERIOD, NET OF TAX	<b>6,066</b>	(3,359)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	<b>156,289</b>	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
<b>NON-CURRENT ASSETS</b>			
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
<b>Total non-current assets</b>		<b>2,118,320</b>	1,966,937
<b>CURRENT ASSETS</b>			
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
<b>Total current assets</b>		<b>3,077,639</b>	3,058,423
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	14	467,238	408,398
Other payables and accruals		881,079	556,304
Interest-bearing bank and other borrowings	15	704,254	716,588
Dividend payable		37,632	—
Tax payable		22,221	26,165
Provision for restoration		2,755	1,420
<b>Total current liabilities</b>		<b>2,115,179</b>	1,708,875
<b>NET CURRENT ASSETS</b>		<b>962,460</b>	1,349,548
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,080,780</b>	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
<b>NON-CURRENT LIABILITIES</b>			
Other payables		<b>498,276</b>	726,800
Interest-bearing bank and other borrowings	15	<b>259,813</b>	321,962
Provision for restoration		<b>1,550</b>	1,715
Deferred tax liabilities		<b>3,758</b>	3,758
<b>Total non-current liabilities</b>		<b>763,397</b>	1,054,235
<b>Net assets</b>		<b>2,317,383</b>	2,262,250
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Share capital	16	<b>256,000</b>	256,000
Reserves		<b>2,061,383</b>	2,006,250
<b>Total equity</b>		<b>2,317,383</b>	2,262,250

Lam Yee Chun  
Director

Au-Yeung Tai Hong Rorce  
Director

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

	Notes	Share capital HK\$'000	Share premium account HK\$'000	Merger reserve HK\$'000	Capital reserve HK\$'000	Share option reserve HK\$'000	Asset revaluation reserve HK\$'000	Statutory reserve funds HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
At 1 January 2016		—	—	313,437	18,854	—	15,999	10,556	4,220	176,429	539,495
Profit for the period		—	—	—	—	—	—	—	—	54,335	54,335
Other comprehensive loss for the period:											
Exchange differences on translation of foreign operations		—	—	—	—	—	—	—	(3,359)	—	(3,359)
Total comprehensive income for the period		—	—	—	—	—	—	—	(3,359)	54,335	50,976
2016 Interim dividend	8	—	—	—	—	—	—	—	—	(50,002)	(50,002)
At 30 June 2016		—	—	313,437	18,854	—	15,999	10,556	861	180,762	540,469
At 1 January 2017		256,000	1,505,085	(15,458)	147,749	796	15,999	10,556	(6,917)	348,440	2,262,250
Profit for the period		—	—	—	—	—	—	—	—	150,223	150,223
Other comprehensive loss for the period:											
Exchange differences on translation of foreign operations		—	—	—	—	—	—	—	6,066	—	6,066
Total comprehensive income for the period		—	—	—	—	—	—	—	6,066	150,223	156,289
2016 final dividend		—	—	—	—	—	—	—	—	(65,792)	(65,792)
2017 interim dividend	8	—	—	—	—	—	—	—	—	(37,632)	(37,632)
Equity-settled share option arrangement		—	—	—	—	2,268	—	—	—	—	2,268
Transfer of share option reserve upon the forfeiture of share option		—	—	—	—	(9)	—	—	—	9	—
At 30 June 2017		256,000	1,505,085*	(15,458)*	147,749*	3,055*	15,999*	10,556*	(851)*	395,248*	2,317,383

\* These reserve accounts comprise the consolidated reserves of HK\$2,061,383,000 (31 December 2016: HK\$2,006,250,000) in the consolidated statement of financial position as at 30 June 2017.

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	150,700	72,784
Interest element of finance lease rental payments	(2)	(2)
Hong Kong profits tax paid	—	(3,496)
Overseas taxes paid	(11,979)	(10,249)
<b>Net cash flows from operating activities</b>	<b>138,719</b>	59,037
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	5,403	451
Purchases of items of property, plant and equipment	(62,352)	(131,767)
Advance of loan to a business partner	(140,591)	—
Decrease/(increase) in pledged deposits	248,264	(53,016)
Decrease/(increase) in amounts due from related companies	(876)	21,779
<b>Net cash flows used in investing activities</b>	<b>49,848</b>	(162,553)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
New bank borrowings	510,167	1,037,834
Repayment of bank borrowings	(537,738)	(808,494)
Capital element of finance lease rental payments	(47,993)	(30)
Dividend paid	(65,792)	(20,624)
Interest paid	(11,257)	(28,236)
<b>Net cash flows from financing activities</b>	<b>(152,613)</b>	180,450
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>35,954</b>	76,934
Cash and cash equivalents at beginning of period	1,392,009	286,874
Effect of foreign exchange rate changes, net	2,439	(3,593)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>1,430,402</b>	360,215
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	483,428	259,850
Non-pledged time deposits with original maturity of less than three months when acquired	946,974	100,365
	<b>1,430,402</b>	360,215

## Notes to Financial Statements

30 June 2017

### 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 period, the Company and its subsidiaries (collectively referred to as the “**Group**”) were 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 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 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 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 (“**HKS**”) 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 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  
Amendments to HKAS 12

*Disclosure Initiative*

*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.

#### 4. OPERATING SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2017 (unaudited)

	SI HK\$'000	IBO HK\$'000	Total HK\$'000
<b>Segment revenue:</b>			
Sales to external customers	598,720	337,674	936,394
Intersegment sales	4,751	—	4,751
	603,471	337,674	941,145
<i>Reconciliation:</i>			
Elimination of intersegment sales			(4,751)
Revenue			936,394
<b>Segment results</b>	41,241	179,185	220,426
<i>Reconciliation:</i>			
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
<b>Segment assets</b>	1,004,873	2,690,539	3,695,412
<i>Reconciliation:</i>			
Corporate and unallocated assets			1,500,547
Total assets			5,195,959
<b>Segment liabilities</b>	494,641	1,355,328	1,849,969
<i>Reconciliation:</i>			
Corporate and unallocated liabilities			1,028,607
Total liabilities			2,878,576
<b>Other segment information:</b>			
Reversal of impairment of trade receivables	(479)	—	(479)
Depreciation	1,521	75,991	77,512
Capital expenditure	3,347	189,053	192,400

#### 4. OPERATING SEGMENT INFORMATION (CONTINUED)

##### Six months ended 30 June 2016 (unaudited)

	SI HK\$'000	IBO HK\$'000	Total HK\$'000
<b>Segment revenue:</b>			
Sales to external customers	521,696	172,800	<b>694,496</b>
Intersegment sales	2,222	—	<b>2,222</b>
	523,918	172,800	<b>696,718</b>
<i>Reconciliation:</i>			
Elimination of intersegment sales			<b>(2,222)</b>
Revenue			<b>694,496</b>
<b>Segment results</b>	72,554	73,471	<b>146,025</b>
<i>Reconciliation:</i>			
Elimination of intersegment results			<b>(100)</b>
Bank interest income			<b>451</b>
Corporate and unallocated expenses, net			<b>(49,228)</b>
Finance costs			<b>(29,135)</b>
Profit before tax			<b>68,013</b>
<b>Other segment information:</b>			
Write-off of items of property, plant and equipment	94	—	<b>94</b>
Write-down of inventories to net realisable value	1,949	—	<b>1,949</b>
Depreciation	1,243	43,809	<b>45,052</b>
Capital expenditure	1,013	801,468	<b>802,481</b>
<b>Year ended 31 December 2016 (audited)</b>			
<b>Segment assets</b>	995,742	2,320,987	<b>3,316,729</b>
<i>Reconciliation:</i>			
Corporate and unallocated assets			<b>1,708,631</b>
Total assets			<b>5,025,360</b>
<b>Segment liabilities</b>	435,378	1,243,944	<b>1,679,322</b>
<i>Reconciliation:</i>			
Corporate and unallocated liabilities			<b>1,083,788</b>
Total liabilities			<b>2,763,110</b>

## 4. OPERATING SEGMENT INFORMATION (CONTINUED)

### Geographical information

(a) Revenue from external customers

	Six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Hong Kong	2,480	10,226
Mainland China	164,264	302,209
Asian countries	690,451	381,964
Other countries	79,199	97
	<b>936,394</b>	694,496

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

(b) Non-current assets

	As at 30 June 2017 (Unaudited) HK\$'000	As at 31 December 2016 (Audited) HK\$'000
Hong Kong	69,742	32,569
Mainland China	3,573	3,689
Asian countries	2,039,096	1,924,223
	<b>2,112,411</b>	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 ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
<b>Revenue</b>		
Sale of goods	598,720	521,696
Provision of distributive power solutions	337,674	172,800
	<b>936,394</b>	694,496
<b>Other income</b>		
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
	<b>15,347</b>	6,862
<b>Gains</b>		
Fair value gain on derivative financial instrument	—	114
Gain on disposal of items of property, plant and equipment, net	—	1
	—	115
	<b>15,347</b>	6,977

\* 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.

## 6. PROFIT BEFORE TAX

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

	Notes	Six months ended 30 June	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Depreciation*	13	77,512	45,052
Net loss on settlement of derivative financial instruments		—	698 <sup>#</sup>
Fair value loss on an investment property		—	1,100 <sup>#</sup>
Fair value loss/(gain) on derivative financial instrument			
— transaction not qualifying as hedge		1,368 <sup>#</sup>	(114)
Reversal of impairment of trade receivables	15	(479) <sup>#</sup>	—
Write-off of items of property, plant and equipment	13	—	94 <sup>#</sup>
Write-down of inventories to net realisable value		—	1,949 <sup>#</sup>
Foreign exchange difference, net		60,266 <sup>#</sup>	4,193 <sup>#</sup>
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 ended 30 June 2017: HK\$43,959,000).

<sup>#</sup> 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 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 ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) 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 of directors of the Company (“**Board**”) declared an interim dividend of HK1.47 cents per share (six months ended 30 June 2016: Nil), totalling HK\$37,632,000 (six months ended 30 June 2016: Nil).

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

## 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 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 ended 30 June 2016: HK\$54,335,000), and the number of ordinary shares of 2,560,000,000 (2015: 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 ended 30 June	
	2017 (Unaudited)	2016 (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 ended 30 June 2016: HK\$802,481,000). There were no write off of property, plant and equipment during the six months ended 30 June 2017 (six months ended 30 June 2016: HK\$1,033,000).

## 11. TRADE AND BILLS RECEIVABLES

	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
Trade and bills receivables	855,767	710,281
Impairment	(1,639)	(2,075)
	<b>854,128</b>	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 reporting 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
	<b>854,128</b>	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 are unsecured, bear interest from London Inter bank Offered Rate plus 7.5% per annum and are 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	<b>3,843</b>	—

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 statements of profit or loss during the six months ended 30 June 2017 (six months 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	<b>194,744</b>	139,733
1 to 2 months	<b>19,132</b>	43,110
2 to 3 months	<b>1,587</b>	40,685
Over 3 months	<b>251,775</b>	184,870
	<b>467,238</b>	408,398

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

## 15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
<b>Current</b>		
Finance lease payables	131	11
Portions of bank loans due for repayment within one year or on demand — secured	699,820	703,752
Portions of bank loans due for repayment after one year which contain repayment on demand clause (note) — secured	4,303	12,825
	<b>704,254</b>	716,588
<b>Non-current</b>		
Finance lease payables	245	35
Portions of bank loans due for repayment after one year — secured	44,000	58,427
Other borrowings — secured	215,568	263,500
	<b>259,813</b>	321,962
	<b>964,067</b>	1,038,550

Note:

Certain term loans of the Group containing repayment on demand clauses as at 30 June 2017 with a carrying amount of HK\$21,259,000 (31 December 2016: HK\$29,872,000) have been classified in total as current liabilities. Accordingly, portions of the bank loans due for repayment after one year as at 30 June 2017 with a carrying amount of HK\$4,303,000 (31 December 2016: HK\$12,825,000) have been classified as current liabilities. For the purpose of the above analysis, the loans are included within current interest-bearing bank borrowings and analysed into bank loans repayable within one year or on demand.

Ignoring the effect of any repayment on demand clause and based on the maturity terms of these term loans, the Group's bank and other borrowings are repayable.

## 16. SHARE CAPITAL

### Shares

	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
Authorised:		
5,000,000,000 ordinary shares of HK\$0.1 each	<b>500,000</b>	500,000
Issued and fully paid:		
2,560,000,000 ordinary shares of HK\$0.1 each	<b>256,000</b>	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	—
Issue of shares pursuant to the Reorganisation	(c)	1,999,999,999	200,000
Issue 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

## 16. SHARE CAPITAL (CONTINUED)

### Shares (continued)

- (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.

### Share options

Details of the Company's share option schemes and the share options issued under the schemes are included in note 17 to the financial statements.

## 17. SHARE OPTION SCHEMES

The Company operates a pre-initial public offering share option scheme (the "**Pre-IPO Share Option Scheme**") and a share option scheme (the "**Share Option Scheme**") (collectively, the "**Schemes**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The principal terms of the Pre-IPO Share Option Scheme are similar to the terms of the Share Option Scheme except that (i) no further options could be granted under the Pre-IPO Share Option Scheme; and (ii) the exercise price and the exercise period of the share options are different as further detailed below.

Eligible participants of the Schemes include the Company's directors, employees, advisers, consultants and business partners of the Group. The Pre-IPO Share Option Scheme and the Share Option Scheme were approved and adopted on 24 October 2016. The Share Option Scheme became effective on 24 November 2016 and, unless otherwise cancelled or amended, will remain in force for 10 years from 24 October 2016.

## 17. SHARE OPTION SCHEMES (CONTINUED)

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Pre-IPO Share Option Scheme during the period/year:

	Six months ended 30 June 2017		Year ended 31 December 2016	
	Weighted average exercise price HK\$ per share	Number of options '000	Weighted average exercise price HK\$ per share	Number of options '000
At beginning of the period/year	2.016	6,670	—	—
Granted during the period/year	—	—	2.016	6,670
Forfeited during the period/year	2.016	(78)	—	—
At end of the period/year	2.016	6,592	2.016	6,670

In the prior year, the weighted average share price at the date of exercise of the share options was HK\$2.016.

During the six months ended 30 June 2017, the Group recognised a share option expense of HK\$2,268,000.

The Company had 6,592,000 share options outstanding under the Pre-IPO Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 6,592,000 additional ordinary shares of the Company and additional share capital of HK\$659,200 and share premium of HK\$12,630,000 (before issue expenses).

## 18. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment property and power generation assets under operating lease arrangements.

The lease of the investment property is negotiated for a term of two years. The terms of the lease also require the tenant to pay security deposit. At 30 June 2017, the Group had total future minimum lease receivables under a non-cancellable operating lease with its tenant falling due as follows:

	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
Within one year	140	560
In the second to fifth years, inclusive	—	—
	<b>140</b>	560

The leases of power generation assets are negotiated for terms ranging from one to five years. Pursuant to the terms and conditions as stipulated in the lease agreements of power generation assets, the revenue is based on the actual capacity made available to the lessee. Accordingly, the Group did not have any future minimum lease receivables under non-cancellable operating leases at the end of the reporting period. As the future capacity of the leases could not be accurately determined as at the end of the reporting period, the relevant contingent rentals have not been disclosed.

(b) As lessee

The Group leases its office premises, factory premises, staff quarters, a motor vehicle and warehouse under operating lease arrangements. The leases are negotiated for terms ranging from one to five years.

At 30 June 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
Within one year	7,235	5,791
In the second to fifth years, inclusive	436	1,784
	<b>7,671</b>	7,575

## 19. COMMITMENTS

In addition to the operating lease commitments detailed in note 18(b) above, the Group had the following capital commitments at the end of the reporting period:

	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
Contracted, but not provided for:		
Power generation assets	<b>313,745</b>	211,730

## 20. RELATED PARTY TRANSACTIONS

(a) In addition to the balances and transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	Six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Related companies:		
Rental expense paid to Orient Profit Investment Limited*	<b>480</b>	480
Income from contract assignment/novation to VPower Technology Chad Limited*^	<b>4,411</b>	4,604
Sales of goods to VPower Technology Company Limited*	<b>1,148</b>	1,310

\* These related companies are controlled by either one of the Controlling Shareholders.

^ The Group assigned/novated a distributive power generation contract to VPower Technology Chad Limited for a contingent consideration of HK\$0.066 per kWh of electricity generated by the project in Chad since 1 January 2015.

The above transactions were entered into based on terms mutually agreed between the relevant parties.

## 20. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Commitments with a related company

On 1 April 2005, a subsidiary of the Group entered into a ten-year agreement ended on 31 March 2015 with Orient Profit Investment Limited to rent a residential property as director's quarters for Mr. Lam Yee Chun for a fixed annual rent of HK\$672,000. The rental expense paid to Orient Profit Investment Limited is disclosed in note 20(a) above. On 1 April 2015, the ten-year agreement ended on 31 March 2015 was further renewed for three years for a fixed annual rent of HK\$960,000 and will end on 31 March 2018.

(c) Compensation of key management personnel of the Group

Remuneration for key management personnel of the Group, including directors' and chief executives' remuneration is as follows:

	Six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Short term employee benefits	11,360	9,014
Post-employment benefits	72	72
Equity-settled share option expense	682	—
Total compensation paid to key management personnel	12,114	9,086

## 21. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 August 2017.



## Other Information

### INTERIM DIVIDEND

The Board has resolved and declared an interim dividend of HK1.47 cents per share for the six months 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 was 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 THE 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)
<b>— Developing and investing for IBO business</b>					
(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
<b>— Expansion of SI business</b>					
(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
<b>— Developing domestic and overseas offices and technical support facilities as well as strengthening presence in key markets for SI and IBO businesses</b>	151.7	—	151.7	(14.8)	136.9
<b>— Research and development activities</b>	75.9	—	75.9	(7.9)	68.0
<b>— Working capital and other general corporate purposes</b>	151.7	(69.6)	82.1	(61.5)	20.6
<b>Total</b>	1,517.0	(157.7)	1,359.3	(535.2)	824.1

## Other Information

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 interim report.

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

## CORPORATE GOVERNANCE

Throughout the six months 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 (the "**Directors**") complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2017.

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

During the six months 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 ended 30 June 2017.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at 30 June 2017, the interests and short positions of each director and chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the directors and chief executives were taken or deemed to have taken under such provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of Part XV of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

### (i) Interest in the Company

Name of Director	Capacity	Number of ordinary shares held	Number of underlying shares held (Note 6)	Total	Approximate percentage of issued share capital (Note 2)
LAM Yee Chun ("Mr. LAM") (Note 3)	Interest of a controlled corporation	1,806,633,881	—	1,806,633,881	70.57%
	Beneficial owner	—	398,000	398,000	0.02%
	Interest of spouse	—	390,000	390,000	0.02%
LEE Chong Man Jason ("Mr. LEE")	Beneficial owner	—	395,000	395,000	0.02%
AU-YEUNG Tai Hong Rorce	Beneficial owner	22,294,947	395,000	22,689,947	0.89%
LO Siu Yuen	Beneficial owner	15,606,463	390,000	15,996,463	0.63%
CHAN Ka Keung ("Dr. CHAN") (Note 4)	Interest of a controlled corporation	63,978,881	—	63,978,881	2.50%
CHAN Mei Wan ("Ms. CHAN") (Note 5)	Beneficial owner	—	390,000	390,000	0.02%
	Interest of spouse	—	398,000	398,000	0.02%

#### Notes:

- All the above interests in the shares and underlying shares of the Company were long positions. None of the Directors and the chief executives of the Company held any short positions in the shares and underlying shares of the Company as at 30 June 2017.
- Based on the Company's issued share capital of 2,560,000,000 shares as at 30 June 2017.
- Mr. LAM directly holds the entire issued share capital of Sunpower Global Limited which holds 58.87% of the total issued share capital of Konwell Developments Limited. Konwell Developments Limited holds the entire issued share capital of Energy Garden Limited. Therefore, Mr. LAM is deemed to be interested in the 1,806,633,881 shares of the Company held by Energy Garden Limited.

Mr. LAM directly holds the entire issued share capital of Sunpower Global Limited and therefore, is deemed to have interest in the 1,806,633,881 shares held by Energy Garden Limited. Mr. LAM is interested in options granted under the Pre-IPO Share Option Scheme to subscribe for 398,000 shares in the Company. Mr. LAM is the spouse of Ms. CHAN. Under Divisions 2 and 3 of Part XV of the SFO, Mr. LAM is deemed to be interested in the same number of shares in the Company in which his spouse is interested.

## Other Information

4. On 11 April 2017, Dr. CHAN has resigned as a Non-Executive Director of the Company. His interest in the Company stated above only represents his interest as at 11 April 2017 (the date of his resignation).

As at 11 April 2017, Dr. CHAN owns an aggregate of 4.9% of Nature Elements Asia Renewable Energy and Cleantech Fund L.P. (by holding 100% of its general partner and one of the limited liability partners) which holds the entire issued capital of Millennium Fortune Corporation. Therefore, Dr. Chan is deemed to be interested in 63,978,881 shares of the Company held by Millennium Fortune Corporation.

5. Ms. CHAN is interested in options granted under the Pre-IPO Share Option Scheme to subscribe for 390,000 shares in the Company. Ms. Chan is the spouse of Mr. LAM. Under Divisions 2 and 3 of Part XV of the SFO, Ms. CHAN is deemed to be interested in the same number of shares in the Company in which her spouse is interested. On 11 August 2017, Ms. CHAN was appointed as the director of Energy Garden Limited.
6. All these interests held by such Directors were underlying shares in respect of share options granted to them on 1 November 2016 pursuant to the Pre-IPO Share Option Scheme, further details of which are set out in the section headed "Share Option Schemes" above.

### (ii) Interest in Associated Corporation

Name of Director	Name of associated corporation	Number of shares	Approximate percentage of shareholding interest
Mr. LAM	Sunpower Global Limited	1	100%
Mr. LAM	Konwell Developments Limited	5,724	58.87% <sup>(1)</sup>
Mr. LAM	Energy Garden Limited	100	58.87% <sup>(2)</sup>
Ms. CHAN	Konwell Developments Limited	2,000	20.57% <sup>(3)</sup>
Mr. LEE	Konwell Developments Limited	1,000	10.28% <sup>(4)</sup>

#### Notes:

- (1) through his controlling interests in Sunpower Global Limited
- (2) through his controlling interests in Konwell Developments Limited
- (3) through her interests in Classic Legend Holdings Limited
- (4) through his interests in Jet Lion Holdings Limited

Save as disclosed above, as at 30 June 2017, none of the Directors or the chief executive of the Company had any interests or short positions in any shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SHARE OPTION SCHEMES

### 1. PRE-IPO SHARE OPTION SCHEME

The Company adopted a pre-IPO share option scheme (the “**Pre-IPO Share Option Scheme**”) on 24 October 2016 for the purpose of providing incentives and rewards to the directors, employees, advisers, consultants and business partners of the Group (the “**Eligible Participant**”) for their contribution, and to align the corporate objectives and interests between the Group and its key talents.

The total number of shares of the Company which may be issued upon the exercise of all options granted under the Pre-IPO Share Option Scheme is 6,670,000 shares, representing approximately 0.26% of the issued share capital of the Company as at 30 June 2017. All the options under the Pre-IPO Share Option Scheme were granted to grantees on 1 November 2016 and no further options were granted or could be granted under the Pre-IPO Share Option Scheme since then. The exercise price per share is HK\$2.016, an amount equal to 70% of the offer price per share for the global offering of the Company in November 2016.

The following table discloses movements in the Company’s share options outstanding during the six months ended 30 June 2017 (the “**Period**”):

Grantee	Date of grant (dd.mm.yyyy)	Exercise price per share HK\$	Number of shares to be issued upon exercise of the share options				Exercise period (dd.mm.yyyy)
			As at 01.01.2017	Granted during the period	Cancelled or forfeited during the period	As at 30.06.2017	
<b>Directors</b>							
LAM Yee Chun	01.11.2016	2.016	133,000	—	—	133,000	24.11.2017 – 23.11.2020
	01.11.2016	2.016	133,000	—	—	133,000	24.11.2018 – 23.11.2021
	01.11.2016	2.016	132,000	—	—	132,000	24.11.2019 – 23.11.2022
LEE Chong Man Jason	01.11.2016	2.016	132,000	—	—	132,000	24.11.2017 – 23.11.2020
	01.11.2016	2.016	132,000	—	—	132,000	24.11.2018 – 23.11.2021
	01.11.2016	2.016	131,000	—	—	131,000	24.11.2019 – 23.11.2022
AU-YEUNG Tai Hong	01.11.2016	2.016	132,000	—	—	132,000	24.11.2017 – 23.11.2020
	01.11.2016	2.016	132,000	—	—	132,000	24.11.2018 – 23.11.2021
	01.11.2016	2.016	131,000	—	—	131,000	24.11.2019 – 23.11.2022
LO Siu Yuen	01.11.2016	2.016	130,000	—	—	130,000	24.11.2017 – 23.11.2020
	01.11.2016	2.016	130,000	—	—	130,000	24.11.2018 – 23.11.2021
	01.11.2016	2.016	130,000	—	—	130,000	24.11.2019 – 23.11.2022
CHAN Mei Wan	01.11.2016	2.016	130,000	—	—	130,000	24.11.2017 – 23.11.2020
	01.11.2016	2.016	130,000	—	—	130,000	24.11.2018 – 23.11.2021
	01.11.2016	2.016	130,000	—	—	130,000	24.11.2019 – 23.11.2022
CHAN Yat Chor	01.11.2016	2.016	50,000	—	—	50,000	24.11.2017 – 23.11.2020
	01.11.2016	2.016	50,000	—	—	50,000	24.11.2018 – 23.11.2021
	01.11.2016	2.016	50,000	—	—	50,000	24.11.2019 – 23.11.2022
Sub-total			2,118,000	—	—	2,118,000	

## Other Information

Grantee	Date of grant (dd.mm.yyyy)	Exercise price per share HK\$	Number of shares to be issued upon exercise of the share options				Exercise period (dd.mm.yyyy)
			As at 01.01.2017	Granted during the period	Cancelled or forfeited during the period	As at 30.06.2017	
Consultants	01.11.2016	2.016	58,000	—	—	58,000	24.11.2017 – 23.11.2020
	01.11.2016	2.016	57,000	—	—	57,000	24.11.2018 – 23.11.2021
	01.11.2016	2.016	55,000	—	—	55,000	24.11.2019 – 23.11.2022
Employees	01.11.2016	2.016	1,486,000	—	(26,000)	1,408,000	24.11.2017 – 23.11.2020
	01.11.2016	2.016	1,457,000	—	(26,000)	1,457,000	24.11.2018 – 23.11.2021
	01.11.2016	2.016	1,439,000	—	(26,000)	1,439,000	24.11.2019 – 23.11.2022
Sub-total			4,552,000	—	(78,000)	4,474,000	
Grand-total			6,670,000	—	(78,000)	6,592,000	

## 2. SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 24 October 2016 for the purpose of providing incentives and rewards to Eligible Participant for their contribution, and to align the corporate objectives and interests between the Group and its key talents.

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme is 256,000,000 Shares, representing 10% of the Company’s issued share capital as at the date of this report. The maximum number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme to any one person (including exercised and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue from time to time.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised in general. However, at the time of granting any option, the Board may, on a case by case basis, make such grant subject to such conditions, restrictions or limitations including (without limitation) those in relation to the minimum period of the options to be held and/or the performance targets to be achieved as the Board may determine in its absolute discretion. Participants of the Share Option Scheme are required to pay HK\$1 and submit to the Company a duly signed offer letter as the consideration for the grant. The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of:

- i. the closing price of a share of the Company as stated in the Stock Exchange’s daily quotation sheet on the date of grant of the relevant option;
- ii. an amount equivalent to the average closing price of a share of the Company as stated in the Stock Exchange’s daily quotation sheets for the five (5) business days immediately preceding the date of grant of the relevant option; and
- iii. the nominal value of the share of the Company on the date of grant of the relevant option.

The Share Option Scheme shall be valid and effective for a period of 10 years from 24 November 2016, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All options granted prior to the termination of the Share Option Scheme and not then exercised shall continue to valid and exercisable subject to and in accordance with the Share Option Scheme.

As at 30 June 2017, no option had been granted by the Board under the Share Option Scheme.

Further details of the Pre-IPO Share Option Scheme and the Share Option Scheme are set out in note 16 to the financial statements.

## DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Changes in the information of Directors required to be disclosed under Rule 13.51B(1) of the Listing Rules since the date of the 2016 Annual Report of the Company are set out as below:

1. Mr. David TSOI ("**Mr. TSOI**"), an Independent Non-Executive Director of the Company, was appointed as an independent non-executive director and the chairman of each of the audit committee, nomination committee and corporate governance committee of Anxin-China Holdings Limited (SEHK: 1149) with effect from 22 February 2017;
2. Mr. TSOI has resigned as an independent non-executive director and also ceased to act as the chairman of each of the audit committee, nomination committee and corporate governance committee of Anxin-China Holdings Limited (SEHK: 1149) with effect from 11 May 2017;
3. Mr. TSOI was appointed as an independent non-executive director and a member of each of the audit committee, nomination committee and remuneration committee of Green International Holdings Limited (SEHK: 2700) with effect from 12 June 2017; and was re-designated as the chairman of each of audit committee and remuneration committee with effect from 14 June 2017; and
4. Mr. TSOI has retired and resigned as an independent non-executive director and also ceased to act as (i) the chairman of the audit committee; (ii) a member of the remuneration committee; and (iii) a member of the nomination committee upon his retirement at the conclusion of the annual general meeting of Enviro Energy International Holdings Limited (SEHK: 1102) held on 15 June 2017.

## DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Save as disclosed under the section headed "Continuing Connected Transactions" of this report, no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company or an entity connected with a director had a material interest, whether directly or indirectly, subsisted as at 30 June 2017 or at any time during the six months ended 30 June 2017.

## Other Information

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

As of the date of this report, so far as the Directors were aware, none of the Directors, and their respective close associates had interest in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the business of the Group.

### MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the period.

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS

As at 30 June 2017, so far as is known to the Directors and the chief executive of the Company, the interests and short positions of the substantial shareholders/other persons in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO are as follows:

Name of Shareholder	Capacity	Number of underlying shares held (Note 1)	Approximate percentage of the issued share capital (Note 2)
Energy Garden Limited ("Energy Garden")	Beneficial owner	1,806,633,881	70.57%
Konwell Developments Limited ("Konwell")	Interest of a controlled corporation	1,806,633,881 (Note 3)	70.57%
Sunpower Global Limited ("Sunpower")	Interest of a controlled corporation	1,806,633,881 (Note 4)	70.57%
LAM Yee Chun ("Mr. LAM")	Interest of a controlled corporation	1,806,633,881 (Note 5)	70.57%
	Beneficial owner	398,000 (Note 5)	0.02%
	Interest of spouse	390,000 (Notes 5 & 6)	0.02%
CHAN Mei Wan ("Ms. CHAN")	Beneficial owner	390,000 (Note 6)	0.02%
	Interest of spouse	1,807,031,881 (Notes 5 & 6)	70.57%
CITIC Group Corporation ("CITIC Group")	Interest of a controlled corporation	204,800,000 (Note 7)	8.00%
CITIC Polaris Limited ("CITIC Polaris")	Interest of a controlled corporation	204,800,000 (Note 7)	8.00%
CITIC Glory Limited ("CITIC Glory")	Interest of a controlled corporation	204,800,000 (Note 7)	8.00%
CITIC Limited ("CITIC")	Interest of a controlled corporation	204,800,000 (Note 7)	8.00%
CITIC Pacific Limited ("CITIC Pacific")	Interest of a controlled corporation	204,800,000 (Note 7)	8.00%
Master Wise Holdings Corp. ("Master Wise")	Interest of a controlled corporation	204,800,000 (Note 7)	8.00%
Next Admiral Limited ("Next Admiral")	Beneficial owner	204,800,000	8.00%



Notes:

1. All the above interests in the shares and underlying shares of the Company were long positions.
2. Based on the Company's issued share capital of 2,560,000,000 shares as at 30 June 2017.
3. Konwell holds 100% of the total issued share capital of Energy Garden. and therefore, Konwell is deemed to have interest in the 1,806,633,881 shares held by Energy Garden.
4. Sunpower directly holds 58.57% of the total issued share capital of Konwell and therefore, Sunpower is deemed to have interest in the 1,806,633,881 shares held by Energy Garden.
5. Mr. LAM directly holds the entire issued share capital of Sunpower and therefore, is deemed to have interest in the 1,806,633,881 shares held by Energy Garden. Mr. LAM is interested in options granted under the Pre-IPO Share Option Scheme to subscribe for 398,000 shares of the Company. Mr. LAM is the spouse of Ms. CHAN. Under the SFO, Mr. LAM is deemed to be interested in the same number of shares in the Company in which his spouse is interested.
6. Ms. CHAN is interested in options granted under the Pre-IPO Share Option Scheme to subscribe for 390,000 shares of the Company. Ms. Chan is the spouse of Mr. LAM. Under the SFO, Ms. CHAN is deemed to be interested in the same number of shares in the Company in which her spouse is interested.
7. CITIC Group holds 100% of CITIC Polaris and CITIC Glory, which in turn controls 32.53% and 25.60% of CITIC, respectively. CITIC holds 100% of CITIC Pacific, which in turn holds 100% of Master Wise. Master Wise holds 100% of Next Admiral. Accordingly, CITIC Group, CITIC Polaris, CITIC Glory, CITIC, CITIC Pacific and Master Wise are interested in the 204,800,000 shares in the Company held by Next Admiral.

Save as disclosed above, as at 30 June 2017, the Company had not been notified of any interests or short positions in the shares or underlying shares of the Company as recorded in the register of the Company required to be kept under section 336 of the SFO.

## CONTINUING CONNECTED TRANSACTIONS

The Group had entered into a number of transactions with connected parties which, upon the listing of the shares of the Company on the Stock Exchange, became connected persons of the Company under the Listing Rules. On this basis, these transactions constitute continuing connected transactions under Chapter 14A of the Listing Rules. Details of the continuing connected transactions are as follows:

1. On 1 April 2005, VPower Holdings Limited ("**VH**") as lessee entered into a rental agreement ("**Rental Agreement**") with Orient Profit Investment Limited ("**Orient Profit**") as lessor to rent a residential property located at Flat D, G/F, Silver Crest, 75 Nga Tsin Wai Road, Kowloon Tong, Hong Kong for a fixed annual rent of HK\$672,000 with a fixed term of ten years. On 1 April 2015, the Rental Agreement was renewed for three years with a fixed annual rent of HK\$960,000.

Orient Profit is wholly-owned by Ms. CHAN Mei Wan, a controlling shareholder of the Company. Hence, it is an associate of our controlling shareholder and became a connected person of the Company upon the listing of its shares on the Stock Exchange by virtue of Rule 14A.07(4) of the Listing Rules.

## Other Information

The rental service provided by Orient Profit to VH under the Rental Agreement constitutes a continuing connected transaction of the Company upon the listing of the shares on the Stock Exchange. As the highest applicable percentage ratios (other than the profits ratio) calculated by reference to Rule 14.07 of the Listing Rules for the rental service are, on an annual basis, less than 0.1%, the Rental Agreement was a de minimis continuing connected transaction of the Company exempted from the reporting, annual review, announcement and independent shareholders' approval requirement under Rule 14A.33 of the Listing Rules by virtue of Rule 14A.76(1) of the Listing Rules.

2. On 24 October 2016, the Company entered into a master supply agreement ("**Master Supply Agreement**") with Sharkteeth Investments Limited ("**Sharkteeth**"), pursuant to which the Group will sell and Sharkteeth and its subsidiaries will purchase parts or consumables for overhaul and maintenance services related to the VPower Technology Chad Limited (the "**VPower Technology Chad**") which is operating one distributed power generation station with an installed capacity of approximately 20MW in Chad (the "**Chad Project**") on a non-exclusive basis and normal commercial terms.

Sharkteeth is held by certain shareholders of the Company as to, namely, 57.6% by Mr. LAM Yee Chun, 19.2% by Ms. CHAN Mei Wan, 9.6% by Mr. LEE Chong Man Jason, 9.6% by Ms. TANG Wenjing, and 4.0% by CRRC (Hong Kong) Co. Limited. Hence, it is an associate of the controlling shareholders of the Company and became a connected person of the Company upon the listing of its shares on the Stock Exchange by virtue of Rule 14A.07(4) of the Listing Rules.

As the highest applicable percentage ratios (other than the profits ratio) calculated by reference to Rule 14.07 of the Listing Rules for the annual caps are, on an annual basis, less than 5% and the total consideration is less than HK\$3,000,000, the Master Supply Agreement was a de minimis continuing connected transaction of the Company exempted from the reporting, annual review, announcement and independent shareholders' approval requirement under Rule 14A.33 of the Listing Rules by virtue of Rule 14A.76(1) of the Listing Rules.

3. Project Income Agreement

In December 2015, VPower Technology Limited novated the contract for the Chad Project to VPower Technology Chad (the "**Novation Agreement**"). In consideration of VPower Technology Limited novating the operating agreement for the Chad Project to VPower Technology Chad, VPower Technology Chad agreed to share a portion of the revenue derived from the Chad Project ("**Shared Revenue**") with VPower Technology Limited. On 30 May 2016, VPower Technology Limited and VPower Technology Chad entered into a project income agreement (the "**Project Income Agreement**") to formalize and set out the terms for the revenue sharing arrangement.

### ***Principal terms of the Project Income Agreement***

The Shared Revenue shall be calculated based on the formula below:

*Shared Revenue = HK\$0.066 x kWh generated by the Chad Project for the Relevant Period*

The Shared Revenue shall be paid in respect of the period from the date of the Novation Agreement (being 23 December, 2015) up to the expiry of the initial term of the Chad Project in September 2017, and shall be in two installments per year in arrears, with each period starting on the first day of January and July and ending on the last day of June and December respectively (the “**Relevant Period**”), save that the Relevant Period for the first payment of the Shared Revenue shall cover the period from 23 December 2015 up to 30 June 2016 (both dates inclusive).

The actual amount of the Shared Revenue will depend on the amount of electricity produced by the Chad Project for the Relevant Period.

Our Directors consider that it is fair and reasonable for the Company to continue to share the revenue derived from the Chad Project, which is commensurate with the resources and efforts devoted by the Group in obtaining and setting up the Chad Project and in novating the Chad Project to VPower Technology Chad. The Shared Revenue was determined with reference to the fee level charged by comparable and independent intermediate off-takers to the Group.

Since the Project Income Agreement was entered into as a result of the Novation Agreement, it was a one-off transaction before the Listing and any payment of the Shared Revenue by VPower Technology Chad thereunder that will continue to take place after the Listing is merely performance thereof, and such transactions, if any, will not constitute a continuing connected transaction under Chapter 14A of the Listing Rules.

## **RELATED PARTY TRANSACTIONS**

Details of significant related party transactions undertaken in the normal course of business of the Group are provided under note 33 to the financial statements. None of these related party transactions constitutes a connected transaction as defined under the Listing Rules that is required to be disclosed, except for those described above in the paragraphs headed “Continuing Connected Transactions” in respect of which the disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied with.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% (that is, the prescribed public float applicable to the Company as required under the Listing Rules) of the issued shares in the Company were held by the public as at the date of this report.

## Other Information

### DEED OF NON-COMPETITION

On 24 October 2016, a deed of non-competition entered into among Mr. LAM Yee Chun, Ms. CHAN Mei Wan, Sunpower Global Limited, Classic Legend Holdings Limited, Konwell Developments Limited and Energy Garden Limited (the “**Controlling Shareholders**”), Sharkteeth and the Company in favor of the Company (for itself and as trustee for other members of the Group), under which the Controlling Shareholders have undertaken to the Company that they will not, and will use their best endeavors to procure that none of their respective associates (other than members of the Group) will, directly or indirectly (including through any body corporate, partnership, joint venture or other contractual arrangement) or as principal or agent, either on their own account or with each other or in conjunction with or on behalf of any person, firm or company or through any entities (except in or through any members of the Group),

- carry on, engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business which is in competition, directly or indirectly, with or is likely to be in competition, directly or indirectly, with the Business (as defined below) (the “**Restricted Business**”), whether as a shareholder, director, officer, partner, agent, lender, employee, consultant or otherwise; and
- take any action which interferes with or disrupts or may interfere with or disrupt the Business of the Group including, but not limited to, solicitation of any of the then current customers, suppliers or employees from any members of the Group.

For the purpose of the Deed of Non-competition, our “**Business**” is defined to cover:

- (a) the design, integration and sale of gas-fired and diesel-fired gen-sets and PGSS; and
- (b) the design, investment in, building, leasing and operation of DPG stations.

The Deed of Non-competition does not apply to:

- (a) the carrying on, engagement or participation in the Excluded Business as set out in the paragraph of “Excluded Business” under the section headed “RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS” in the prospectus of the Company dated 14 November 2016 by Sharkteeth whether directly or indirectly through VPower Technology Chad;
- (b) the relevant Controlling Shareholder’s holding in the shares of a company where:
  - the total number of shares held by the Controlling Shareholders does not exceed ten per cent. of the issued shares of such company which is or whose holding company is listed on a stock exchange; or
  - any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than ten per cent. of its consolidated turnover or consolidated assets, as shown in its latest audited accounts; and
- (c) the Forgone Business Opportunity (as defined below) which the Company has confirmed that it does not intend to pursue.

The respective obligations of each of the Controlling Shareholders under the Deed of Non-competition shall terminate on the earliest of (i) the Shares cease to be listed on the Hong Kong Stock Exchange; and (ii) the Controlling Shareholders and their associates (other than members of the Group), individually or jointly, cease to hold or control, directly or indirectly, 30 per cent. or more of the entire issued share capital of the Company.

The Controlling Shareholders have further undertaken to procure that any new business investment or other business opportunity relating to the Business (the "**Business Opportunity**") identified by or made available to them or any of their associates, they shall and shall procure that their associates shall refer such Business Opportunity to the Company on a timely basis and in the following manner:

### Right to Acquire the Excluded Business and Forgone Business Opportunity from Controlling Shareholders

To eliminate any potential competition, the Controlling Shareholders has also granted the Company a right, which is exercisable during the term of the Deed of Non-competition, to acquire the Excluded Business and/ or any Forgone Business Opportunity owned by the Controlling Shareholders:

- Upon Listing, the Company shall be entitled, but not obliged to, by serving notice to Sharkteeth, purchase all or part of the shares in VPower Technology Chad (the "**Chad Call Shares**") which are held by Sharkteeth (the "**Chad Call Option**") through itself or any member of the Group.
- The Company shall be entitled, but not obliged to, by serving notice to the relevant Controlling Shareholder, purchase all or part of the shares in the entity holding the Forgone Business Opportunity (the "**Other Call Shares**") which are held by the relevant Controlling Shareholder (the "**Other Call Option**") through itself or any member of the Group.

Given the Group has entered into the Project Income Agreement with VPower Technology Chad pursuant to which the Company will receive shared revenue from its project in Chad on a semi-annual basis and the Controlling Shareholders has committed to engage the Group to undertake the operation of the Forgone Business Opportunity through entering into servicing agreement with a member of the Group, the Company will be able to track the status and performance of these projects that are managed by the Company and will be in a position to determine whether such projects meet our investment criteria.

Our exercising of such acquisition right will be subject to the agreement on the terms and price to be negotiated by the parties in good faith and on arm's length basis, which may vary depending on the performance and potential of such projects. These acquisitions will also be subject to the compliance with the applicable laws and regulations (including but not limited to the Listing Rules). The Independent Board will be responsible for considering and determining whether and when to exercise our right of acquisition having regard to the interests of the Company and Shareholders as a whole.

- provide all information requested by the Company (or its auditors) which is necessary for an annual review by the Independent Non-Executive Directors of its compliance with the Deed of Non-competition and the enforcement of the same;
- procure the Company to disclose decisions on matters reviewed by the Independent Non-Executive Directors relating to the compliance and enforcement of the Deed of Non-competition either through the annual report, or by way of announcements to the public; and

## Other Information

- upon the request of the Company, provide a written confirmation in respect of its compliance and that of its associates with the non-competition undertakings under the Deed of Non-competition and consent to the inclusion of such confirmation in the Company's annual report.

## 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 can participate 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](http://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](http://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](http://www.vpower.com)).

By Order of the Board  
**LAM Yee Chun**  
*Executive Chairman*

Hong Kong, 28 August 2017

## Corporate Information

### BOARD OF DIRECTORS

#### Executive Directors

Mr. LAM Yee Chun  
*(Executive Chairman)*  
Mr. LEE Chong Man Jason  
*(Co-Chief Executive Officer)*  
Mr. AU-YEUNG Tai Hong Rorce  
*(Co-Chief Executive Officer)*  
Mr. LO Siu Yuen  
*(Chief Operation Officer)*

#### Non-Executive Directors

Ms. CHAN Mei Wan  
*(Vice Chairwoman)*  
Mr. KWOK Man Leung

#### Independent Non-Executive Directors

Mr. David TSOI  
Mr. YEUNG Wai Fai Andrew  
Mr. SUEN Wai Yu

### BOARD COMMITTEES

#### Audit Committee

Mr. David TSOI *(Chairman)*  
Mr. YEUNG Wai Fai Andrew  
Ms. CHAN Mei Wan

#### Remuneration Committee

Mr. YEUNG Wai Fai Andrew *(Chairman)*  
Ms. CHAN Mei Wan  
Mr. SUEN Wai Yu

#### Nomination Committee

Mr. SUEN Wai Yu *(Chairman)*  
Mr. LAM Yee Chun  
Mr. David TSOI

### COMPANY SECRETARY

Mr. CHAN Kam Shing

### AUTHORISED REPRESENTATIVES

Mr. AU-YEUNG Tai Hong Rorce  
Mr. LO Siu Yuen

### AUDITOR

Ernst & Young

### PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
Citibank, N.A.  
Standard Chartered Bank  
(Hong Kong) Limited  
The Hongkong and Shanghai Banking  
Corporation Limited

### LEGAL ADVISER

*As to Hong Kong law:*  
Clifford Chance  
27th Floor, Jardine House  
One Connaught Place  
Hong Kong

### COMPLIANCE ADVISER

Haitong International Capital Limited  
8/F, Li Po Chun Chambers  
189 Des Voeux Road Central  
Hong Kong

### REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## Corporate Information

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 2019–25, 20/F  
Tower 1, Metroplaza  
223 Hing Fong Road  
Kwai Chung  
New Territories  
Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Conyers Trust Company (Cayman)  
Limited  
Cricket Square  
Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

### BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712–1716  
17/F, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

### COMPANY WEBSITE

[www.vpower.com](http://www.vpower.com)

### STOCK CODE

1608