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VPower Group International Holdings Limited

偉能集團國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1608)

VOLUNTARY ANNOUNCEMENT

**WINNING 70.3MW DPG TENDERS IN BRAZIL
AND
FORMATION OF JOINT VENTURE**

This announcement is made by the Company on a voluntary basis.

WINNING 70.3MW DPG TENDERS IN BRAZIL

The Board is pleased to announce that, on 3 August 2017, a bidding consortium including VPower Holdings, an indirect wholly-owned subsidiary of the Company, and Telemenia, a wholly-owned subsidiary of F.K., has received confirmation for the winning of three DPG tenders of an aggregate install capacity of 70.3MW in Amazonas State, Brazil with contract length ranging from 5 to 15 years.

FORMATION OF JOINT VENTURE

The Board is pleased to further announce that, on 3 August 2017, VGH, an indirect wholly-owned subsidiary of the Company, and F.K. entered into the JV Agreement in relation to the formation of 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 80MW Peru Project; (3) acquisition of certain existing IBO project(s) of F.K. Group 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.

WINNING 70.3MW DPG TENDERS IN BRAZIL

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FORMATION OF JOINT VENTURE

I. Introduction

The Board is also pleased to further announce that, on 3 August 2017, VGH, an indirect wholly-owned subsidiary of the Company, and F.K. entered into the JV Agreement in relation to the formation of the JV Company for, amongst other things, the operation of the Brazil Projects. The JV Company is intended to be incorporated by 31 August 2017 and a shareholders' agreement between VGH and F.K. will be entered upon the incorporation of the JV Company.

II. The JV Agreement

Date: 3 August 2017

Parties: (1) VGH;
(2) F.K.

Scope of Business: The major business of JV Company will be (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 80MW Peru Project; (3) acquisition of certain existing IBO project(s) of F.K. Group with installed capacity of 143.2MW, and investment into F.K.'s domestic gas, diesel and rental businesses, subject to satisfactory due diligence by VGH and approval of relevant regulatory bodies.

Shareholding in the JV Company: (1) VGH will hold 51% of the total share capital of the JV Company;
(2) F.K. will hold 49% of the total share capital of the JV Company.

Board composition of the JV Company: The board of Directors of the JV Company shall comprise of five directors, of which three will be nominated by VGH, and two will be nominated by F.K..

III. Information of the JV partners

VGH is an indirect wholly-owned company of the Company which executes the Group's IBO business.

F.K. is a global supplier of comprehensive power plants and power solutions ranging from 250kW up to more than 500MW, addressing a wide range of needs and segments in the power industry.

F.K. Group, headquartered in Israel, has over 25 years of experience installing conventional and renewable-energy power plants ranging from diesel, HFO, gas, hydropower, biogas and biodiesel to solar and wind plants. During the recent years, F.K. Group has installed over 700MW of installed capacity in 4 continents. F.K. Group also has significant rental activities and the ability to supply its customers with tailored power solutions.

F.K. has been a long-standing SI customer of the Group. The Company has earlier announced its participation with F.K. in an 80MW HFO-fired DPG project in Peru. Details of the 80MW Peru Project were disclosed in the voluntary announcement of the Company dated 17 May 2017.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, F.K. and its ultimate beneficial owners are third parties independent of the Company and its connected persons as of the date of this announcement.

IV. Reasons for and benefits of entering into the JV Agreement

With the complementary nature of its two major business segments, SI and IBO, the Group has been actively developing its IBO business by leveraging on its extensive technical experience and global clientele in the SI market. The Group is exploring different opportunities from all dimensions to accelerate the expansion of IBO business and to facilitate an efficient entry into new markets. Establishing strategic partnerships with our existing SI customers who have local expertise is one of the Group's strategies.

Through its long-term cooperation, the Group has witnessed the strong market presence of F.K. in Latin America and Israel. The Board believes that by establishing the JV Company with F.K., the Group can utilize F.K.'s local expertise, knowhow and operation platform to accelerate its penetration into the Latin America and Israel markets.

The Board is of the view that the terms of the JV Agreement, determined based on arm's length negotiations, are normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Board wishes to make a voluntary disclosure to keep shareholders of the Company and potential investors informed of the Group's latest business development.

V. Definitions

Unless otherwise specified, the following terms have the following meanings in this announcement:

“80MW Peru Project”	the 80MW HFO-fired DPG project in Peru, details of which are disclosed in the announcement of the Company dated 17 May 2017
“Board”	the board of Directors of the Company
“Brazil Projects”	the three projects of aggregate install capacity of 70.3MW in Amazonas State, Brazil with contract length ranging from 5 to 15 years
“Brazil Tenders”	the tenders in relation to the Brazil Projects won by the consortium comprising VPower Holdings and Telemenía
“Company”	VPower Group International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange (stock code: 1608)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
“DPG”	distributed power generation
“F.K.”	F.K. Generators and Equipment Ltd., a company incorporated under the laws of Israel
“F.K. Group”	F.K. and its subsidiaries and affiliates
“Group”	the Company and its subsidiaries
“HFO”	heavy fuel oil
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IBO”	“Investment, Building, and Operating”, a business segment of the Group
“Israel”	the state of Israel
"JV Agreement"	the agreement entered into between VGH and F.K. on 3 August 2017 in relation to the formation of the JV Company
“JV Company”	the company to be incorporated in accordance with the JV Agreement

“JV Group”	JV Company and its subsidiaries from time to time
“kW”	kilowatt
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	Megawatt
“Peru”	the Republic of Peru
“SI”	“System Integration”, a business segment of the Group
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Telemenia”	Telemenia Limited, a company incorporated under the laws of Israel and a wholly-owned subsidiary of F.K.
“VGH”	VPower Group Holdings Limited
“VPower Holdings”	VPower Holdings Limited, an indirect wholly-owned subsidiary of the Company incorporated under the laws of Hong Kong

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

Hong Kong, 3 August 2017

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