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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

**LETTER OF INTENT IN RELATION TO PARTICIPATION
IN 80 MW HFO-FIRED DPG PROJECT IN PERU**

This announcement is made on a voluntary basis by VPower Group International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**VPower Group**”).

On 12 December 2016, VPower Group has signed a non-binding Letter of Intent (“**LOI**”) with F.K. Generators and Equipment Ltd (“**F.K.**”) for the co-development in F.K.’s 80 MW installed capacity HFO-Fired Distributed Power Generation project in Iquitos, Peru (the “**Project**”). Under the terms of the LOI, upon a satisfactory due diligence, VPower Group shall invest by way of convertible security initially with a view to converting into a substantial share in a project company after Project’s commercial operation date, targeted in 2H 2017.

The Project, to run on 7 units of medium speed HFO Power Generation System (“**PGS**”) has an estimated capacity availability revenue of approximately USD 350 million (before any Operation and Maintenance Services revenues) over the 20-years concession period granted by the Peruvian Ministry of Energy and Mines, and guaranteed by the state of Peru which is rated BBB+ by S&P. Peru enjoys a World Bank distance to frontier score of 70.2, making it an attractive new market in Invest, Build and Operate (“**IBO**”) for the VPower Group.

Information on F.K.

F.K. is an Israeli-based power solutions provider with operations in Israel and South America. The Group has had a long standing System Integration (“**SI**”) customer relationship with F.K. and has sold over 600MW of Power Generation Systems to F.K. over the years, making it one of the Group’s top 5 SI customers.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, F.K. and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)).

Reasons for entering into the LOI

VPower Group believes the co-development with F.K.’s 80 MW Project will have the following benefits:

- 1) The Project runs on cost effective HFO which diversifies our fuel source;
- 2) Our successful partnership with F.K. in IBO business can strength our business relationship with current SI customers;
- 3) The Project can speed up VPower Group to penetrate to attractive potential new market in South America for IBO business; and
- 4) A long term concession of 20 years Project can provide stable revenue to VPower Group.

Within 2 months of the signing of the LOI, VPower Group is expected to complete its due diligence process on the Project. If the Company agrees to sign the formal binding agreement, the Company will make further announcement as and when appropriate and comply with the necessary requirements under the Listing Rules. As both parties have not entered into any legally binding agreement as of the date of this announcement, the proposed investment may not materialise. **Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 22 December 2016

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