

2019

ANNUAL REPORT 年報



HYBRID KINETIC GROUP LIMITED
正道集團有限公司

(Stock Code 股份代號: 01188)



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Corporate Information 公司資料

BOARD OF DIRECTORS

Executive Directors

Dr Yeung Yung (*Chairman*)
Mr Feng Rui (*Chief Executive Officer*)
(*appointed on 1 January 2020*)
Dr Huang Chunhua (*Deputy Chairman*)
Dr Wang Chuantao (*Deputy Chairman*)
Mr Liu Stephen Quan
Dr Zhu Shengliang
Mr Li Zhengshan
Mr Ting Kwok Kit, Johnny
Mr Chen Xiao
Mr Xu Jianguo (*resigned on 1 August 2019*)
Mr Hui Wing Sang, Wilson (*resigned on 2 September 2019*)

Non-executive Director

Dr Xia Tingkang, Tim

Independent Non-Executive Directors

Dr Zhu Guobin
Mr Cheng Tat Wa
Dr Li Jianyong
Mr Chan Sin Hang
Mr Lee Cheung Yuet, Horace
Dr Song Jian (*resigned on 31 December 2019*)

COMPANY SECRETARY

Mr Leung Kai Yin (*appointed on 9 September 2019*)
Mr Ting Kwok Kit, Johnny (*resigned on 9 September 2019*)

AUDITOR

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Unit 701, Citicorp Centre, 18 Whitfield Road,
Causeway Bay, Hong Kong

PRINCIPAL BANKERS

East West Bank
(U.S. branch)
9550 Flair Drive
El Monte CA 91731

Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road
Central, Hong Kong

Bank of Communications Co. Ltd.
20 Pedder Street, Central, Hong Kong

董事會

執行董事

仰融博士 (主席)
馮銳先生 (行政總裁)
(於二零二零年一月一日獲委任)
黃春華博士 (副主席)
王川濤博士 (副主席)
劉泉先生
朱勝良博士
李正山先生
丁國傑先生
陳曉先生
徐建國先生 (於二零一九年八月一日辭任)
許永生先生 (於二零一九年九月二日辭任)

非執行董事

夏廷康博士

獨立非執行董事

朱國斌博士
鄭達華先生
李建勇博士
陳善衡先生
李暢悅先生
宋健博士
(於二零一九年十二月三十一日辭任)

公司秘書

梁啟賢先生 (於二零一九年九月九日獲委任)
丁國傑先生 (於二零一九年九月九日辭任)

核數師

中匯安達會計師事務所有限公司
執業會計師
香港銅鑼灣
威非路道18號萬國寶通中心701室

主要往來銀行

華美銀行
(美國分行)
9550 Flair Drive
El Monte CA 91731

香港上海滙豐銀行有限公司
香港中環
皇后大道中1號

交通銀行股份有限公司
香港中環畢打街20號

Corporate Information 公司資料

PRINCIPAL OFFICE

Suites 1407-8, 14/F.
Great Eagle Centre
23 Harbour Road, Wanchai
Hong Kong

REGISTERED OFFICE

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

HONG KONG LEGAL ADVISOR

Chiu & Partners
40th Floor, Jardine House
1 Connaught Place
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Management (Bermuda) Limited
(changed from Estera Management (Bermuda) Limited
with effect from 6 April 2020)
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

總辦事處

香港
灣仔港灣道23號
鷹君中心
14樓1407-8室

註冊辦事處

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

香港法律顧問

趙不渝 馬國強律師事務所
香港
康樂廣場1號
怡和大廈40樓

主要股份過戶登記處

Ocorian Management (Bermuda) Limited
(原為Estera Management (Bermuda)
Limited，自二零二零年四月六日起生效)
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

股份過戶登記處香港分處

香港中央證券登記有限公司
香港
灣仔
皇后大道東183號
合和中心17樓
1712-1716號舖

Chairman's Statement

主席報告書

Dear Shareholders,

The Group's revenue and gross profit from continuous operations of 2019 amounted to approximately HK\$16.3 million (2018: HK\$61.3 million) and HK\$12.4 million (2018: HK\$8.3 million) respectively. Because of negative factors from both inside and outside of Hong Kong, the operation of the Group in fiscal year 2019 was put under tremendous pressure. The management team did its utmost to consolidate resources from all areas to support the normal operation. Inside Hong Kong, the social instability since June 2019 has greatly hindered the normal business interactions, which abruptly put a brake on the hard-won good momentum of the first half of 2019. While outside of Hong Kong, the great uncertainty caused by the trade war between China and the US cast a long shadow over the decision-making process of governments in mainland China for mega-scale industrial projects, which forced the Group to slow down its development work accordingly.

Looking into the future, the Group's normal business operation cannot be restored fully until the autumn of 2020 because of COVID-19 pandemic. Furthermore, the pandemic's great impact on world economy may possibly lead to a sustained global economic slowdown or even overall depression. The further escalation of trade war between China and the US has put Hong Kong at the frontline of great-power struggles. All these will bring unprecedented uncertainty to the clean energy automobile project development work of the Group in mainland China.

But every cloud has a silver lining. To restart economy after the pandemic, China needs the support from mega-scale industrial investment projects and clean energy automobile industry may well become the new growth point second only to the real estate industry. The Central Government and local governments of China have launched new or revived previous stimulus policies. The range-extender clean energy technology of the Group has the potential to realize a breakthrough thanks to new opportunities brought by economic restart in the post-pandemic era. This is mainly because that the latest industrial policy of the Chinese Government has clearly included "range-extender electric vehicles" in the category of "Electric Vehicles". The Group is at the threshold of historic opportunity to market its range-extender electric vehicles since it is one of the earliest advocates and the most mature developers of this technology.

各位股東：

於二零一九年度，本集團來自持續經營業務之收入及毛利分別為16.3百萬港元（二零一八年：61.3百萬港元）及12.4百萬港元（二零一八年：8.3百萬港元）。由於香港內部及外部環境變化的負面影響，集團本財年的經營活動承受巨大壓力，管理層多方縱橫捭闔，全力支持支撐艱難局面。香港內部層面，自二零一九年六月以來，香港社會動盪給集團的正常業務交往造成極大影響，導致上半年來自不易的好轉勢頭戛然而止；同時香港外部層面，由於中美兩國貿易戰帶來的巨大不確定性，為內地政府投資大型資本項目決策蒙上陰影，集團在內地的基地開發工作不得不有所放緩。

展望未來，全球新冠肺炎大流行導致集團業務最早亦需等至二零二零年秋季方能完全恢復正常。此外，疫情給各國經濟帶來前所未有之大衝擊，存在全球普遍進入持續放緩甚至全面衰退的可能。中美兩國貿易戰進一步升級，香港更因之成為兩國角力的最前線。這一切都為本集團在中國內地清潔能源汽車投資項目開發帶來極大的不確定性。

但是，每一塊烏雲都鑲有金邊。疫情之後中國經濟重啟依賴大型工業投資項目，清潔能源汽車產業有望成為繼房地產之後內地經濟增長的新拉動點。從中央到地方，各級政府都新出臺或恢復產業激勵政策。集團增程式清潔能源汽車技術很有可能借疫情經濟重啟的契機，在內地實現突破。這主要因為：中國政府最新產業政策已將本集團積極宣導之增程式電動汽車納入純電動汽車範疇給予扶持。作為內地市場增程式技術路線的其中一位最早宣導者和最成熟開發者，集團面臨將增程式電動汽車全面推向市場的難得歷史機遇期。

Chairman's Statement

主席報告書

The development of show cars in 2018 was very successful and won very positive feedbacks from the industry and the public. Given the above-mentioned force majeure factors, the Group has no choice but to postpone some work goals of 2019 accordingly, we are still confident that lost time can be recovered by accelerating the pace of development work in 2020.

The Group will continue to attract strategic investments to provide strong capital support to the clean energy automobile project. Being faced with unprecedented "once in 100 years" environmental change, the Group clearly recognizes difficulties and obstacles ahead. Therefore, we will further focus on our core business, continue to strictly control operational costs and to ensure the completion of development work of core products and development of production base. "If winter comes, can spring be far behind?", the Board strongly believes that the Group will steady itself and accelerate its work to accomplish set goals in the new year.

I would like to express my sincere gratitude to all shareholders, directors and employees of the Group for their tremendous support!

Yeung Yung

Chairman

Hong Kong, 28 May 2020

二零一八年展車順利開發並獲得業界及市場十分積極正面之反應。儘管二零一九年，由於上述各種不可抗力的影響，集團工作不得不對原定工作目標做相應順延，我們依然有信心在二零二零年度努力加快工作節拍，把失去的時間搶回來。

集團將繼續各方加強融資，為集團清潔能源汽車項目提供強有力的資金支援。面對百年來之大變局，本集團對面臨的困難有著清醒的認識，因此將進一步聚焦核心業務，嚴格控制經營成本，重點保證核心產品研發和基地開發。「亭前垂柳珍重待春風」，董事會有信心在二零二零年站穩腳跟，迎頭趕上，爭取按期完成既定工作目標。

本人向各位股東、董事和員工的大力支持表示感謝！

主席

仰融

香港，二零二零年五月二十八日

Biographical Details of Directors and Senior Management 董事及高級管理層履歷詳情

Below are the biographical details of the Directors and the Senior Management of the Group as at the date of this annual report.

EXECUTIVE DIRECTORS

Dr YEUNG Yung (仰融), aged 62, was appointed as executive director of the Company in November 1998, and is the Chairman of the Group, the chairman of the nomination committee and a member of the remuneration committee of the Board. Dr Yeung is also a substantial shareholder of the Company. Dr Yeung holds a PhD Degree in Economics from the China's Southwest University of Finance & Economics. Dr Yeung was elected as a director of the John Hopkins University Center – Nanjing University Centre for Chinese and American Studies (中美文化交流中心理事). Dr Yeung was the chairman, chief executive officer and president of Brilliance China Automotive Holdings Limited and also the chairman and president of Shenyang Jinbei Passenger Vehicle Manufacture Co., Ltd. from 1992 to 2002. Dr Yeung is a well-known, highly successful automotive industrialist with over 18 years' experience in the automobile industry as well as a pioneering international financier from China.

Mr Feng Rui (馮銳), aged 47, was appointed as executive director of the Company and chief executive officer of the Group with effect from 1 January 2020. He was graduated from the Shanghai University of Finance and Economics majoring in Investment, Economics and Financial Management (投資經濟管理) and holds a Master's degree in Business Administration in Executive Management from Royal Roads University of Canada. Mr Feng is a member of the Shanghai Institute of Certified Public Accountants and has over 28 years of experience in the fields of finance and corporate management. He has joined the Group since August 2014 and is currently a director of certain subsidiaries of the Company.

以下為於本年報日期本集團董事及高級管理層之履歷詳情。

執行董事

仰融博士，現年62歲，於一九九八年十一月獲委任為本公司之執行董事，並為本集團之主席、董事會轄下提名委員會之主席及薪酬委員會之成員。仰博士亦為本公司之主要股東。仰博士獲頒中國西南財經大學經濟博士學位。仰博士曾獲推選為約翰·霍普金斯大學－南京大學中美文化交流中心理事。仰博士於一九九二年至二零零二年間出任華晨中國汽車控股有限公司之主席、行政總監兼總裁，並為瀋陽金杯客車製造有限公司之主席兼總裁。仰博士乃一位著名、極為成功的汽車實業家，在汽車業擁有逾18年經驗，亦為中國的國際金融家先鋒。

馮銳先生，現年47歲，於二零二零年一月一日獲委任為本公司之執行董事兼本集團之行政總裁。彼畢業於上海財經大學投資經濟管理專業，並持有Royal Roads University of Canada行政人員工商管理碩士學位。馮先生為上海市註冊會計師協會成員，於財務及企業管理領域擁有超過28年經驗。彼自二零一四年八月起加入本集團，現任本公司若干附屬公司之董事。

Biographical Details of Directors and Senior Management

董事及高級管理層履歷詳情

Dr HUANG Chunhua (黃春華), aged 56, was appointed as executive director of the Company in June 2010, and is the Deputy Chairman of the Group. Dr Huang holds a Bachelor of Economics Degree from the Wuhan University in China, an MBA and PhD in Marketing (focus on corporate strategy) from the University of Strathclyde in Scotland. Dr Huang is also the vice-chairman of Hybrid Kinetic Motors Corporation, a wholly-owned subsidiary of the Company and a director of certain subsidiaries of the Company. Dr Huang had been the vice-chairman of the Company between November 2002 and October 2007 and its chief financial officer between August 2000 and September 2004. He is an independent non-executive director of China Rare Earth Holdings Limited (listed in Hong Kong). He was among the first generation China equity analysts and had in-depth knowledge about China's automotive and the transport infrastructure sectors, as well as red chip conglomerates. Dr Huang was a pioneering financier for China's first wave of private companies going public in Hong Kong during 1999 and 2001.

Dr WANG Chuantao (王川濤), aged 66, was appointed as executive director of the Company in April 2009, and is the Deputy Chairman of the Group. He is also the chief executive officer of Hybrid Kinetic Motors Corporation, a wholly-owned subsidiary of the Company. Dr Wang has more than 30 years' experience in the field of manufacturing engineering. He is an internationally recognized leading technologist and business leader in the development and implementation of advanced stamping using computer-aided engineering technology and production systems for digital die manufacturing and stamping for large scale automotive applications. He had been the Chief Die Engineer and Technical Fellow in General Motors Corp in Michigan, the US before he joined the Group. He is armed with interdisciplinary education, diverse and in-depth knowledge and management experience in the automotive industry. He received his doctorate in industrial systems and engineering and his Master's Degree in materials science and engineering from The Ohio State University, Columbus, Ohio, the US and his Bachelor's Degree and Master's Degree in mechanical engineering from Chongqing University, Chongqing, the PRC.

Mr LIU Stephen Quan (劉泉), aged 65, was appointed as executive director of the Company in October 2007. Mr Liu holds a Master's Degree in business, economics and finance from the China Europe International Business School (CEIBS). Mr Liu has extensive knowledge and experience in the management of supply chain business. He has been in the investment management industry for more than 15 years and was one of the founders of several industrial companies and investment companies in China and the US.

黃春華博士，現年56歲，於二零一零年六月獲委任為本公司之執行董事，並為本集團之副主席。黃博士持有中國武漢大學經濟學士學位、蘇格蘭University of Strathclyde之工商管理碩士及市場學博士學位，主修企業策略。黃博士亦為本公司全資附屬公司Hybrid Kinetic Motors Corporation之副主席及本公司若干附屬公司之董事。黃博士曾於二零零二年十一月至二零零七年十月間擔任本公司之副主席，並於二零零零年八月至二零零四年九月間擔任本公司之財務總監。彼現為中國稀土控股有限公司（於香港上市）之獨立非執行董事。彼為中國第一代股票分析員，對中國的汽車及交通基礎設施行業以及紅籌企業有深厚認識。黃博士在一九九九年至二零零一年間成為在香港上市的第一批中國民營企業融資的先鋒。

王川濤博士，現年66歲，於二零零九年四月獲委任為本公司之執行董事，並為本集團之副主席。彼亦為本公司全資附屬公司Hybrid Kinetic Motors Corporation之行政總裁。王博士於製造工程領域積逾30年經驗。彼在領導開發和運用電腦輔助工程技術及生產系統並將該技術和系統應用於大規模汽車生產的數碼模具和先進衝壓方面是國際公認之技術領軍人物和行業先鋒。彼於加入本集團之前，曾擔任美國密歇根州General Motors Corp的首席模具工程師及通用技術院士。彼擁有跨學科之教育背景，學識淵博兼具汽車行業之管理經驗。彼獲美國俄亥俄州哥倫布市The Ohio State University頒授工業系統及工程學博士學位以及材料科學及工程學碩士學位，並先後獲位於中國重慶之重慶大學頒授機械工程學士及碩士學位。

劉泉先生，現年65歲，於二零零七年十月獲委任為本公司之執行董事。劉先生持有中歐國際工商學院(CEIBS)之工商（金融）碩士學位。劉先生在管理供應鏈業務方面擁有豐富知識及經驗。彼從事投資管理業務超過15年，並為中國及美國數間工業公司及投資公司的創辦人。

Biographical Details of Directors and Senior Management

董事及高級管理層履歷詳情

Dr ZHU Shengliang (朱勝良), aged 70, was appointed as executive director of the Company in May 2008. Dr Zhu holds a PhD Degree in Economics from the Southwestern University of Finance and Economics. Dr Zhu possesses extensive experience in finance and corporate management. He took senior managerial roles in several companies, including Shanghai Shenhua Holdings Co., Ltd., a PRC-listed company.

Mr LI Zhengshan (李正山), aged 50, was appointed as executive director of the Company in June 2010. Mr Li holds a Master of Arts Degree in English language and literature from the Shanghai International Studies University. He has been the Executive Assistant to Dr Yeung Yung, the Chairman of the Company, since 2003 and the deputy general manager of the PRC investment division of the Company. He is currently a director of certain subsidiaries of the Company. He is responsible for corporate coordination and business development of the Group in China.

Mr TING Kwok Kit, Johnny (丁國傑), aged 59, was appointed as executive director of the Company in November 2014, and is the Chief Financial Officer of the Company. He is also one of the authorized representatives of the Company. He had previously served as the independent non-executive Director from 19 November 2007 to 31 May 2011. Mr Ting holds a Bachelor's Degree in Economics from the University of Victoria of Canada and a MBA from the City University of Hong Kong. Mr Ting is a fellow member of the Association of Chartered Certified Accountants and a member of the Certified General Accountants Association of Canada. He is also a fellow member of the Hong Kong Institute of Chartered Secretaries. Mr Ting has more than 15 years' experience in accounting, finance and corporate management.

Mr CHEN Xiao (陳曉), aged 48, was appointed as executive director of the Company in November 2014. Mr Chen has joined the Group since April 2008. He has been one of the senior management of the Group and has been assuming the roles of general manager or deputy manager or director (as the case may be) of certain subsidiaries of the Company. Mr Chen is primarily responsible for identifying, evaluating, participating in commercial negotiations and financial planning for the implementation of potential projects for the Group in the PRC. Mr Chen was graduated from the Shanghai University of Finance and Economics (上海財經大學) in 1994, majoring in Investment, Economics and Financial Management (投資經濟管理). He has extensive experience in the areas of securities investment, corporate finance, capital management and merger and acquisition in the PRC.

朱勝良博士，現年70歲，於二零零八年五月獲委任為本公司之執行董事。朱博士持有西南財經大學之經濟學博士學位。朱博士擁有豐富之財務及企業管理經驗。他曾於多間公司擔任高層管理職務，包括中國上市公司上海申華控股股份有限公司。

李正山先生，現年50歲，於二零一零年六月獲委任為本公司之執行董事。李先生持有上海外國語大學英語語言文學碩士學位。彼自二零零三年起擔任本公司主席仰融博士之執行助理及本公司中國投資部之副總經理。彼現為本公司若干附屬公司之董事。彼負責本集團於中國之企業協調及業務發展。

丁國傑先生，現年59歲，於二零一四年十一月獲委任為本公司之執行董事，現任本公司之財務總監。彼亦為本公司授權代表之一。彼曾於二零零七年十一月十九日至二零一一年五月三十一日間擔任獨立非執行董事。丁先生持有加拿大University of Victoria之經濟學士學位及香港城市大學之工商管理碩士學位。丁先生為英國特許公認會計師公會之資深會員及加拿大註冊會計師協會之會員。彼亦為香港特許秘書公會之資深會員。丁先生於會計、財務及企業管理方面擁有逾15年經驗。

陳曉先生，現年48歲，於二零一四年十一月獲委任為本公司之執行董事。陳先生於二零零八年四月加入本集團。彼一直為本集團高級管理層之一，並一直擔任本公司若干附屬公司之總經理或副經理或董事（視情況而定）職務。陳先生主要負責物色、評估、參與有關實施本集團於中國之潛在項目之商業磋商及財務規劃。陳先生於一九九四年畢業於上海財經大學投資經濟管理專業。彼於中國之證券投資、企業融資、資金管理及併購領域擁有豐富經驗。

Biographical Details of Directors and Senior Management 董事及高級管理層履歷詳情

NON-EXECUTIVE DIRECTOR

Dr XIA Tingkang, Tim (夏廷康), aged 64, was appointed as non-executive director of the Company in June 2010. Dr Xia is currently an independent non-executive director of Jian's ePayment System Limited (listed in Hong Kong). Dr Xia holds a Bachelor's Degree from Peking University, the PRC, a PhD from The Ohio State University, the US and a Juris Degree from the Columbia University School of Law, the US. Dr Xia is currently a senior partner of an international law firm, Locke Lord LLP, and a registered U.S. patent attorney. Prior to his legal career, he was a physicist specializing in supercomputing, large scale computer simulation of complex fluids, super-thin-films of polymers, and Josephson junction superconducting arrays, electromagnetic properties of high temperature superconductors, and physics of granular metals. Dr Xia also counsels clients of international corporate law.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr ZHU Guobin (朱國斌), aged 58, was appointed as non-executive director of the Company in July 2010 and re-designated as an independent non-executive director of the Company on 31 December 2012. Dr Zhu holds a Bachelor's Degree in history, a Master's Degree in history and a Master's Degree in law from the Renmin University of China, a Master's degree in law from the University of Hong Kong and a PhD in law and a HDR (Diplôme d'Habilitation à Diriger des Recherches) from the University of Aix-Marseilles in France. Dr Zhu is currently a professor of law in the School of Law of City University of Hong Kong. He is also a guest professor at Shandong University, Sichuan University, and at Schools of Law of Wuhan University, Zhejiang University and Qingdao University in the PRC. He is a council member of the Chinese Association of Constitutional Law and a member of International Association of Constitutional Law and French Society of Comparative Legislation, and an titular member of the International Academy of Comparative Law. Dr Zhu is also a Director of The Legal Education Fund Limited (HK), and also a council member of Hubei Province Overseas Friendship Association.

非執行董事

夏廷康博士，現年64歲，於二零一零年六月獲委任為本公司之非執行董事。夏博士目前為香港上市公司華普智通系統有限公司之獨立非執行董事。夏博士持有中國北京大學學士學位、美國The Ohio State University物理學哲學博士學位及美國Columbia University法學院法學博士學位。夏博士目前為國際律師行洛克律師事務所之高級合夥人及美國註冊專利律師。於開展法律事業前，彼乃一名物理學家，專注於超級運算、複雜流體之大型電腦模擬、聚合物超薄膜及約瑟夫森超導結列陣、高溫超導體之電磁性質及粒狀金屬物理學。夏博士亦向客戶提供國際公司法之意見。

獨立非執行董事

朱國斌博士，現年58歲，於二零一零年七月獲委任為本公司之非執行董事，於二零一二年十二月三十一日調任本公司之獨立非執行董事。朱博士持有中國人民大學歷史學學士及碩士學位以及法學碩士學位、香港大學法學碩士學位、法國University of Aix-Marseilles法學博士學位和研究導師資格學位(HDR – Diplôme d'Habilitation à Diriger des Recherches)。朱博士現時為香港城市大學法律學院教授。彼亦為中國山東大學、四川大學及武漢大學法學院、浙江大學光華法學院、青島大學法學院客座教授。彼亦為中國憲法學研究會理事、國際憲法學會會士、法國比較法學會會士以及國際比較法學院院士。朱博士亦為香港法律教育基金有限公司之董事及湖北省海外聯誼會之理事。

Biographical Details of Directors and Senior Management

董事及高級管理層履歷詳情

Mr CHENG Tat Wa (鄭達華), aged 55, was appointed as independent non-executive director of the Company in August 2012. He is also the chairman of the audit committee and a member of the nomination committee and the remuneration committee of the Board. Mr Cheng holds a Master's Degree in international accounting from City University of Hong Kong and a LLB (HONS) from Northumbria University. Mr Cheng is a fellow member of the Association of Chartered Certified Accountants. He is an associate member of the Institute of Chartered Secretaries and Administrators of Canada and a member of the Certified General Accountants Association of Canada. He is also a member of the Institute of Internal Auditors. Mr Cheng has more than 15 years of extensive experience in the business accounting fields.

Dr LI Jianyong (李建勇), aged 63, was appointed as independent non-executive director of the Company in December 2012. Dr Li holds a Doctoral Degree in economics from the Southwestern University of Finance and Economics (西南財經大學). Dr Li obtained the accreditation and qualification of sponsor representative* (保薦代表人) from the Securities Association of China (中國證券業協會) in 2007. Dr Li had served various senior positions in GF Securities Company Limited (廣發證券股份有限公司). Dr Li was also appointed as the vice-chairman of the Securities Association of China in 2007. Dr Li has extensive experience in the securities and investment field in the PRC. Dr Li is currently a professor of the Chinese Finance Research Institute of the Southwestern University of Finance and Economics.

鄭達華先生，現年55歲，於二零一二年八月獲委任為本公司之獨立非執行董事。彼亦為董事會轄下審核委員會之主席以及提名委員會及薪酬委員會之成員。鄭先生持有香港城市大學國際會計學碩士學位及Northumbria University法學(榮譽)學士學位。鄭先生為英國特許公認會計師公會之資深會員。彼為加拿大特許秘書及行政人員公會之會員及加拿大註冊會計師協會之會員。彼亦為內部審計師公會會員。鄭先生於商業會計領域擁有逾15年之豐富經驗。

李建勇博士，現年63歲，於二零一二年十二月獲委任為本公司之獨立非執行董事。李博士持有西南財經大學經濟學博士學位。李博士於二零零七年獲中國證券業協會頒發保薦代表人認證及資格。李博士曾於廣發證券股份有限公司擔任多個高級職位。李博士亦於二零零七年獲委任為中國證券業協會之副主席。李博士於中國證券及投資領域擁有豐富經驗。李博士現時為西南財經大學中國金融研究中心之教授。

Biographical Details of Directors and Senior Management

董事及高級管理層履歷詳情

Mr CHAN Sin Hang (陳善衡), aged 35, was appointed as independent non-executive director of the Company in December 2012. He is also a member of the audit committee of the Board. Mr Chan holds a Bachelor's Degree in business (accounting) from the Australian Catholic University. Mr Chan is a full member of the CPA Australia. He is also a member of HKICPA since March 2013. Mr Chan had been an auditor in CPA firms in Hong Kong, and a chief financial officer and a company secretary of a financial services company based in Hong Kong and China. Mr Chan has more than 10 years of experience in the accounting field, and is currently a financial controller of a Hong Kong company.

Mr LEE Cheung Yuet, Horace (李暢悅), aged 38, was appointed as independent non-executive director of the Company in September 2017. He is also the chairman of the remuneration committee and a member of both the audit committee and the nomination committee of the Board. He had been an executive director of Aurum Pacific (China) Group Limited from 5 February 2018 to 31 March 2019 and is an independent non-executive director of Chuan Holdings Limited and Asia Television Holdings Limited (both are listed in Hong Kong). Mr Lee holds a Bachelor's Degree of Commerce (Accounting) from The University of Queensland, Australia since 2004. Mr Lee is a Fellow Member of the Association of Chartered Certified Accountants since 2014. Mr Lee has over 15 years of working experience in merger and acquisition, financial reporting, investment analysis and business development. Mr Lee has been taking up senior positions in the financial and business sectors for over 9 years and he also has extensive experience in terms of Hong Kong listed companies.

COMPANY SECRETARY

Mr LEUNG Kai Yin (梁啟賢), aged 33, was appointed as Company Secretary of the Company in September 2019. He is also the finance manager of the Company. He holds a Bachelor's degree in Information Systems from the City University of Hong Kong and a Master's degree in Professional Accounting from Hong Kong Polytechnic University. Mr Leung is a member of the Hong Kong Institute of Certified Public Accountants and a member of the Association of Chartered Certified Accountants. Mr Leung has over 10 years of experience in the fields of accounting, finance and corporate management.

* For identification purpose only

陳善衡先生，現年35歲，於二零一二年十二月獲委任為本公司之獨立非執行董事。彼亦為董事會轄下審核委員會之成員。陳先生持有Australian Catholic University商業（會計）學士學位。陳先生為澳洲會計師公會之正式會員。彼自二零一三年三月起亦為香港會計師公會之會員。陳先生曾任香港多間執業會計師行之核數師及一間以香港及中國為基地之金融服務公司之財務總監兼公司秘書。陳先生於會計方面擁有逾10年經驗，現時為一間香港公司之財務總監。

李暢悅先生，現年38歲，於二零一七年九月獲委任為本公司之獨立非執行董事。彼亦為董事會轄下薪酬委員會之主席以及審核委員會及提名委員會之成員。彼曾於二零一八年二月五日至二零一九年三月三十一日間擔任奧栢中國集團有限公司之執行董事，現時為川控有限公司及亞洲電視控股有限公司之獨立非執行董事，兩間公司均於香港上市。李先生自二零零四年起持有澳洲昆士蘭大學(The University of Queensland, Australia)頒授之商學士(會計)學位(Bachelor's Degree of Commerce (Accounting))。李先生自二零一四年起為英國特許公認會計師公會之資深會員。李先生於併購、財務申報、投資分析及業務發展方面積逾15年工作經驗。李先生在金融界及商界擔任高級職位超過9年，並擁有豐富香港上市公司工作經驗。

公司秘書

梁啟賢先生，現年33歲，於二零一九年九月獲委任為本公司之公司秘書。彼身兼本公司之財務經理。彼持有香港城市大學資訊系統學士學位及香港理工大學專業會計碩士學位。梁先生為香港會計師公會會員及英國特許公認會計師公會會員。梁先生於會計、財務及企業管理方面擁有逾10年經驗。

Directors' Report

董事會報告書

The directors of the Company (the “**Board**” or the “**Directors**”) are pleased to present to the shareholders of the Company (the “**Shareholders**”) their report together with the audited consolidated financial statements of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2019 (the “**Year**”).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group principally engages in the development and sales of battery management systems and spare parts, high-tech electric motor vehicles, and advanced batteries materials. The Group is also engaged in the provision of finance leasing services.

The Group has been engaging in the automotive batteries business since 2011. The Group has established a team of experts with extensive experience and expertise in a wide variety of applications in the automobile industry, which forms part of our core strength in the development of, among other things, advanced and high quality batteries, battery management systems and related technologies.

Development of battery technology

The high voltage battery pack strategy developed by the Group utilizes one common battery cell and module within the pack for all cars. Each battery pack is configurable into a wide variety of shapes and sizes to efficiently fill available space while not constraining the overall dimensions that are critical to the unique styling and comfort of other models. The battery's charging control system has been developed to intelligently allow the battery to charge in both AC and DC fast charging modes, while a highly efficient low emission turbo charged 2 cylinder engine is used as the power source to charge the battery and extend the range of the vehicle.

Applicability of the battery packs in vehicle design

The vehicle model to be offered in the Group's product portfolio will therefore have a unique exterior and interior design as a result of the comparatively flexible size of the battery pack. The Group continues to source, identify and secure quality manufacturers and/or suppliers with high-level engineering and/or manufacturing capacities from worldwide for the Group's automotive innovations and products.

本公司各董事（「**董事會**」或「**董事**」）欣然向本公司股東（「**股東**」）提呈其截至二零一九年十二月三十一日止年度（「**本年度**」）之報告連同本公司及其附屬公司（「**本集團**」）之經審核綜合財務報表。

管理層討論與分析

業務回顧

本集團之主要業務包括開發及銷售電池管理系統及備品備件、高科技電動車及先進電池材料。本集團亦提供融資租賃服務。

本集團自二零一一年起從事汽車電池業務。本集團的核心競爭優勢之一，是其專家團隊經驗豐富，坐擁汽車行業各方面應用之專業知識，讓本集團開發（其中包括）先進優質電池、電池管理系統及相關技術。

開發電池技術

本集團開發之高電壓電池組使用一種常見於各種汽車電池組之單電池及模組。每個電池組均可設定為各式各樣形狀及大小，有效填充其他不同型號汽車的可用空間之餘，不會局限影響獨特造型及舒適度之整體佈局。本集團開發之智能電池充電控制系統使電池兼容交流電及直流電快速充電模式，利用高效低排渦輪充電式雙氣缸發動機作為汽車充電及增程之電力來源。

電池組與汽車設計之兼容性

受惠於電池組相對靈活之體積，本集團產品組合中提供之汽車型號將具備獨特之外觀及內飾設計。本集團一直為其汽車創新及產品在世界各地搜索、發掘並委聘具備優秀工程及／或製造能力之頂級生產商及／或供應商。

Directors' Report

董事會報告書

Financial performance

For the Year, the total revenue derived from the sales and services income of battery management systems and spare parts amounted to approximately HK\$16.3 million (2018: HK\$61.3 million). Such decrease was due to tremendous pressure to the operation of the Group and a decrease in sales volume of batteries and spare parts for the Year as a result of in the progress of transforming the existing battery pack into the car models currently available in the market.

Continuous development of single and few-layer graphene

For our research and development of advanced batteries materials, we have an experienced team of experts with diverse expertise in energy management, system controls, power conversion and energy storage technologies for automobiles. Leveraging their combined expertise, the Group continues its efforts in the research and development of single and few-layer graphene, which is an ideal material for super batteries, electronic traction motor and power electronic system for use in electric vehicles.

Continuous development of high-tech electric motor vehicles

Regarding the high-tech electric motor vehicles business, the Group continues to develop this segment as we believe that the demand for high-tech, clean and sustainable transportation will continue to grow under the global trend of urbanization and proactive imposition of environmental regulation. The Group has been seeking collaboration opportunities with potential business partners to continue to develop our electric vehicles.

Finance leasing business

The Group also has a valid business license for the operation of finance leasing business in the PRC. To complement the development of its high-tech electric motor vehicles business, the Group will continue to provide finance leasing arrangement to potential customers, which is expected to help promote the sale and use of electric motor vehicles and bring steady interest income for the Group.

財務表現

於本年度，來自電池管理系統及備品備件銷售及服務收入之總收入約為16,300,000港元（二零一八年：61,300,000港元）。總收入下跌是由於將現有電池組改造以供目前市面上的車型使用之進度，令本集團之營運承受龐大壓力及本年度之電池及備品備件銷量放緩所致。

繼續開發單層和多層石墨烯

本集團致力研發先進電池材料，其專家團隊經驗豐富，在汽車能源管理、系統控制、能量轉換及能源儲存技術等方面具備廣泛專門知識。憑藉其綜合才能，本集團繼續努力研發單層和多層石墨烯。石墨烯為用於生產電動車之超級電池、電機及電控系統之理想材料。

不斷發展高科技電動車

高科技電動車業務方面，本集團相信，基於全球城市化之趨勢和各國積極實施環境法規，對高科技、清潔及可持續運輸之需求將不斷增長，故本集團不斷發展此分部。為繼續發展自家電動車，本集團一直尋求與潛在業務夥伴合作之機會。

融資租賃業務

本集團亦擁有在中國經營融資租賃業務之有效營業執照。為配合開發高科技電動車業務，本集團將繼續為潛在顧客提供融資租賃安排，預計有助促進電動車銷售及使用，為本集團賺取穩定利息收入。

Directors' Report

董事會報告書

FINANCIAL REVIEW

The Group's revenue and gross profit for the Year amounted to approximately HK\$16.3 million (2018: HK\$61.3 million) and HK\$12.4 million (2018: HK\$8.3 million). The gross profit for the Year was primarily attributable to the sales and service income of advanced battery management system. The loss attributable to shareholders for the Year amounted to approximately HK\$644.0 million (2018: HK\$288.6 million). The loss for the Year was mainly attributable to (i) the increase in share of loss of associates by approximately HK\$231.1 million; (ii) the increase in administrative expenses by approximately HK\$73.8 million; and (iii) the decrease in revenue by approximately HK\$44.9 million.

The administrative expenses for the Year increased to approximately HK\$439.2 million (2018: HK\$365.4 million) which was mainly attributed to net of (i) the increase in research and development expenses from approximately HK\$21.9 million for the year ended 31 December 2018 to approximately HK\$208.8 million for the Year; (ii) the impairment of intangible assets of approximately HK\$62.6 million (2018: HK\$nil) in relation to the technical knowhow under the segment of battery management systems and spare parts; and (iii) the decrease in employee benefit expenses (including wages and salaries, pension costs and other benefits) from approximately HK\$167.3 million for the year ended 31 December 2018 to HK\$87.3 million for the Year.

For the impairment of intangible assets, the Group regularly reviews the recoverable amount of the cash generating unit (the "CGU"). Due to the factors concerning the material uncertainty about the Group's ability to continue as a going concern, the CGU may not be able to meet the cash flow projections if the Group were unable to obtain additional working capital. As such, impairment for the intangible assets was provided in full amounting to approximately HK\$62.6 million (2018: nil) for the Year. The recoverable amount of the intangible assets was determined based on of their respective value in use by using discounted cash flow method. The discount rate used is 15.5% (2018: 15.5%).

The share of loss of associates of the Group mainly represented the share of loss of the Company's associate, 寧波京威動力電池有限公司 (the "Ningbo Joint Venture"), amounted to HK\$233.7 million (2018: HK\$2.5 million) for the Year.

As a result of the above factors, the loss attributable to shareholders for the Year amounted to approximately HK\$644.0 million (2018: HK\$288.6 million).

財務回顧

於本年度，本集團之收入及毛利分別約為16,300,000港元（二零一八年：61,300,000港元）及12,400,000港元（二零一八年：8,300,000港元）。本年度之毛利主要源自先進電池管理系統之銷售及服務收入。本年度之股東應佔虧損約為644,000,000港元（二零一八年：288,600,000港元）。本年度之虧損主要來自(i)應佔聯營公司之虧損增加約231,100,000港元；(ii)行政開支增加約73,800,000港元；及(iii)收入減約約44,900,000港元。

本年度之行政開支增加至約439,200,000港元（二零一八年：365,400,000港元），主要為以下各項互相抵銷之結果：(i)研發開支由截至二零一八年十二月三十一日止年度約21,900,000港元增加至本年度約208,800,000港元；(ii)電池管理系統及備品備件分部技術知識所涉無形資產減值約62,600,000港元（二零一八年：零港元）；及(iii)僱員福利開支（包括工資及薪金、退休金成本及其他福利）由截至二零一八年十二月三十一日止年度約167,300,000港元減少至本年度之87,300,000港元。

無形資產減值方面，本集團定期檢討現金產生單位之可收回金額。基於與本集團持續經營之能力有關之重大不確定因素，倘本集團未能取得額外營運資金，則該現金產生單位可能無法達成現金流量預測。因此，本集團已於本年度就該等無形資產計提全數減值約62,600,000港元（二零一八年：無）。該等無形資產之可收回金額乃使用貼現現金流量法基於相應使用價值釐定。所用貼現率為15.5%（二零一八年：15.5%）。

本集團應佔聯營公司之虧損主要指於本年度應佔本公司之聯營公司寧波京威動力電池有限公司（「寧波合資公司」）之虧損233,700,000港元（二零一八年：2,500,000港元）。

基於上述因素，本年度之股東應佔虧損約為644,000,000港元（二零一八年：288,600,000港元）。

Directors' Report

董事會報告書

PROSPECTS

The Company has a long-term commitment to the global automobile industry.

The automotive industry is constantly evolving. It is undergoing a transformation, especially with regard to digitalization. The transformation propels the Group as one of the industry players to find ways to strengthen its capabilities as well as to diversify or transform its business models and processes across the value chain (whether in the design, development, manufacture, marketing and/or sale of automobiles and related materials) to align with the new sources of growth and value creation.

Despite the uncertainties on the global economic prospect as a result of the outbreak of COVID-19, the Group remains confident in the automobile market in the PRC as it is the world's largest automobile market. Given the PRC government is keen on combating air pollution, narrowing the competitive gap between the global rivals and its domestic automakers and setting goals for new energy vehicles (NEVs) to make up at least one-fifth of the PRC auto sales by the end of the next two decades, we believe that the development of new energy vehicles will continue to be a focus of global and domestic interest and a major trend in improving air pollution and enhancing economic sustainability.

The Group is well prepared for this golden opportunity as it has been developing, among other things, technologies of powertrain, series of batteries and micro-turbine range extender and equipped itself with the capability of manufacturing the whole new energy vehicles on its own and formulated business strategies to cater for the need of, and the anticipated demand from, the vast of the market.

The Group will continue to seek opportunities for strategic investment, cooperation and/or collaboration with renowned organizations, institutions, experts and/or other strategic alliances with a view to exploring ways to strengthen the Group's supply chains, enhance its production capacity and operational flexibility and widen its expertise in such areas which were considered to be beneficial to the sustainable development, expansion and diversification of the Group's businesses.

前景

本公司長期致力於全球汽車行業。

汽車行業瞬息萬變，正值轉型，特別是在數碼化方面。身處汽車行業，面對轉變，本集團必須想方設法奮發自強，讓其價值鏈上各業務模式及流程（不論為汽車及相關物料設計、開發、生產、市場推廣及／或銷售）多元化或轉型，以迎合新發展及增值源頭。

儘管2019冠狀病毒病爆發令全球經濟前景滿佈陰霾，惟中國仍然是世界最大的汽車市場，本集團對其充滿信心。鑑於中國政府積極對抗空氣污染、收窄其境內汽車製造商與全球競爭對手之差距，並定下於未來二十年內將新能源汽車銷售額提升至全國汽車銷售額最少五分之一的目標，我們相信，新能源汽車之發展將繼續備受國內外關注，成為改善空氣污染並提高經濟可持續性的主要趨勢。

本集團不斷發展（其中包括）動力總成、電池系列及微型渦輪增程器技術，使本集團有能力自行製造整台新能源汽車，且已定下業務策略滿足廣大市場需要及預期需求，準備就緒把握此一珍貴機遇。

本集團將繼續尋求與知名團體、機構、專家及／或其他策略聯盟進行戰略性投資、合作及／或協作之機會，以期另辟蹊徑，強化本集團之供應鏈、提升產能及營運彈性，並增長知識，尤其是對本集團業務持續、擴充及分散發展有利之範疇。

Directors' Report

董事會報告書

OTHER INFORMATION

(1) Legal proceedings against members of the Group

(A) Update on legal dispute with XALT

As disclosed in the Company's annual report for the year ended 31 December 2018 regarding, among the other things, the lawsuit commenced by Townsend Ventures LLC, XALT Energy LLC and XALT Energy MI, LLC (collectively, "XALT") against the Company and one of its wholly-owned subsidiaries, Billion Energy Holdings Limited ("Billion Energy"), the supply agreement dated 25 March 2015 entered into between Billion Energy and XALT Energy MI, LLC for the supply of battery cells was at the core of a civil lawsuit (the "Lawsuit") commenced by XALT in the United States District Court for the Northern District of Maryland (the "U.S. District Court"), located in Baltimore Maryland. In August 2017, the U.S. District Court granted the Company's motion to compel that all claims in the Lawsuit be subject to binding arbitration in Hong Kong, before the Hong Kong International Arbitration Centre. The U.S. District Court ordered the Lawsuit stayed, and administratively closed, unless and until there is a conclusion to such an arbitration. The U.S. District Court therefore will not preside over the Lawsuit, although it may consider an application to enter a judgement if and when there is a final order after arbitration before the Hong Kong Arbitration Centre. The parties to the Lawsuit are ordered to report back to the U.S. District Court after conclusion of any arbitration proceeding in Hong Kong.

Since the issue of the U. S. District Court's order and to the best of our Directors' knowledge, XALT has not taken any steps to initiate any action or arbitration in Hong Kong. If any arbitration or other proceedings is initiated, the Company will aggressively defend the Lawsuit. The Company, after consultation with its legal counsel and based on the current understanding of the facts, believes it has meritorious defense to the alleged claims by XALT.

其他資料

(1) 本集團成員公司所面對法律程序

(A) 與XALT之法律糾紛之最新資料

誠如本公司截至二零一八年十二月三十一日止年度之年報所披露(內容有關(其中包括)由Townsend Ventures LLC、XALT Energy LLC及XALT Energy MI, LLC(統稱「XALT」)針對本公司及本公司其中一間全資附屬公司兆能集團有限公司(「兆能」)展開之訴訟)·XALT於馬里蘭州巴爾的摩向美國北馬里蘭區地方法院(United States District Court for the Northern District of Maryland)(「美國地方法院」)入稟開展民事訴訟(「訴訟」)·而兆能與XALT Energy MI, LLC就供應電池所訂立日期為二零一五年三月二十五日之供應協議為訴訟核心。於二零一七年八月·美國地方法院頒佈法令·裁定本公司得直·強制於香港就訴訟中之所有申索在香港國際仲裁中心進行具約束力之仲裁。美國地方法院已頒令擱置訴訟·於行政上結案·直至有關仲裁結案為止。因此·美國地方法院不再裁決訴訟·惟或會在香港仲裁中心仲裁後下達最終命令之情況下及其時考慮登錄判決之申請。訴訟各方獲頒令於香港之任何仲裁程序結案後匯報美國地方法院。

自美國地方法院頒令以來·據董事所深知·XALT從未採取任何行動於香港提出任何訴訟或仲裁。倘開展任何仲裁或其他法律程序·則本公司將會就訴訟積極抗辯。本公司於諮詢法律顧問後及基於目前對有關事實之理解·相信對XALT提起之指稱申索具有有力抗辯。

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The Company has engaged legal advisers in Hong Kong to handle the arbitration process. The Company, however, will defer to the advice of its legal advisers as to the appropriate strategies (including when to initiate the arbitration process) having considered all the relevant factors so as to achieve the best possible results for the Group.

It is not entirely within the control of the Company as to whether or when the legal dispute with XALT will be concluded. The Company will continue to use its best endeavours to communicate with XALT and seek legal and other professional advice from time to time in the hope of resolving expeditiously the legal dispute with XALT amicably while safeguarding the Group's interests.

(B) *Winding-up petition against a subsidiary*

On 24 September 2019, Hong Kong Automobile Limited (“**HKAL**”), a wholly owned subsidiary of the Company, received a winding-up petition presented by Pininfarina S.p.A. (the “**Petitioner**”) for an order that HKAL be wound up by the High Court of the Hong Kong Special Administrative Region (the “**High Court**”) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) (the “**Winding-up Petition**”). The Winding-up Petition was filed against HKAL for a claim of €3 million pursuant to a design contract.

On 8 June 2020, the High Court handed down the judgment for the substantive hearing of the Winding-Up Petition. The High Court ordered that HKAL be wound up under the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) and that the costs of and occasioned by the Petitioner be paid out of the assets of HKAL.

The Directors are of the view that the judgment for the Winding-Up Petition did not and will not have any material impact on the overall operations and financial position of the Group for the following reasons:

- (a) the assets of HKAL represented less than 0.1% of the total assets of the Group as at 31 December 2019;

本公司已委聘香港法律顧問處理仲裁程序。然而，本公司將依循其法律顧問之意見，於考慮所有相關因素後尋求適當策略（包括於何時展開仲裁），儘可能為本集團爭取最佳結果。

與XALT之法律糾紛能否結束或何時結束，並非在本公司可完全控制之範圍內。本公司將繼續盡最大努力與XALT溝通，並不時尋求法律及其他專業意見，冀能加快友好地解決與XALT之法律糾紛，維護本集團之利益。

(B) *針對一間附屬公司之清盤呈請*

於二零一九年九月二十四日，本公司全資附屬公司香港汽車有限公司（「**香港汽車**」）收到由Pininfarina S.p.A.（「**呈請人**」）提出之清盤呈請，內容有關尋求香港特別行政區高等法院（「**高等法院**」）根據香港法例第32章公司（清盤及雜項條文）條例將香港汽車清盤之命令（「**清盤呈請**」）。清盤呈請乃就一項根據設計合約之3,000,000歐元申索針對香港汽車提出。

於二零二零年六月八日，高等法院已下達清盤呈請實質聆訊之判決。高等法院命令香港汽車根據香港法例第32章公司（清盤及雜項條文）條例之條文清盤，且呈請人所涉及和所產生之訟費須以香港汽車之資產支付。

董事認為清盤呈請之判決並無且不會對本集團之整體營運及財務狀況構成任何重大影響，理由如下：

- (a) 香港汽車之資產相當於本集團於二零一九年十二月三十一日總資產少於0.1%；

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- (b) the Group possesses all major technologies for the components of its electric motor vehicles, including but not limited to, the powertrain system and the battery management system; and
- (c) the Group did not and does not rely on any supplier or business partner when conducting its business. The Company may engage other European supplier(s) to continue the development of projects for the Group in the future.

Please refer to the announcements of the Company dated 25 September 2019, 14 October 2019, 20 November 2019, 2 December 2019, 24 December 2019, 29 May 2020 and 9 June 2020 for details.

(2) Possible impact of the COVID-19 epidemic

Since the outbreak of COVID-19 at the end of December 2019, the epidemic has been menacing and impact on the global business environment. No industry player in the auto industry has been immune to the effects of COVID-19. The Group will adjust and adapt to the market conditions. Depending on the development and spread of the epidemic, further changes in economic conditions for the Group arising thereof may have negative impact on the operating environment of the businesses of the Group and, in turn, the financial performance of the Group, the extent of which could not be estimated as at the date of this report. The Group will pay close attention to the development of the epidemic and evaluate its impact on its financial position and operating result.

- (b) 本集團擁有其電動車零部件之一切主要技術，包括但不限於動力總成系統及電池管理系統；及
- (c) 本集團之業務過去和目前均無依賴任何供應商或業務夥伴。本公司他日可聘請其他歐洲供應商繼續為本集團進行項目開發。

有關詳情，請參閱本公司日期為二零一九年九月二十五日、二零一九年十月十四日、二零一九年十一月二十日、二零一九年十二月二日、二零一九年十二月二十四日、二零二零年五月二十九日及二零二零年六月九日之公佈。

(2) 2019冠狀病毒病疫情之潛在影響

自二零一九年十二月底2019冠狀病毒病爆發以來，疫情已威脅及影響全球營商環境。面對2019冠狀病毒病，概無汽車業者能獨善其身。本集團將因應市況作出調整。視乎疫情發展及擴散情況，本集團經濟狀況之進一步變化，可能會對本集團業務經營環境造成負面影響，進而影響本集團之財務表現。於本報告日期，影響程度尚未可料。本集團將密切留意疫情發展，以及評估對本集團財務狀況及經營業績之影響。

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DISCLAIMER OF OPINION BY THE AUDITOR

The disclaimer of opinion (the “**Disclaimer of Opinion**”) from ZHONGHUI ANDA CPA Limited, the independent external auditor of the Company (the “**Auditor**”), on the financial statements of the Group for the Year relates to the following matters:

- Material uncertainty related to going concern
- Share of loss of associates and investment in associates
- Equity investments at fair value through other comprehensive income
- Intangible assets
- Value-added tax receivables
- Prepayment to a supplier

Please refer to the paragraphs headed “Disclaimer of Opinion” and “Basis for Disclaimer of Opinion” of the Independent Auditor’s Report contained in this annual report for details.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company (the “**Audit Committee**”) had reviewed and discussed with the management of the Company regarding the audited consolidated financial statements of the Group for the Year.

Views of the Audit Committee and the Board on the disclaimer of opinion by the Auditor

The Audit Committee and the Board consider that the Company had provided all available audit evidence to the Auditor and, except for the uncertainty or possible effect of the matters leading to the Auditor’s disclaimer of opinion disclosed herein, the consolidated financial statements of the Group for the financial year ended 31 December 2019 give a true and fair view of the performance and financial position of the Group as at 31 December 2019.

The Audit Committee and the Board, after discussion with the Auditor on its basis for disclaimer of opinion in the Auditor’s report, have the following views:

核數師無法表示意見

本公司之獨立外聘核數師中匯安達會計師事務所有限公司（「**核數師**」）因以下各項而不會就本集團本年度之財務報表表示意見（「**無法表示意見**」）：

- 有關持續經營之重大不確定因素
- 應佔聯營公司之虧損及於聯營公司之投資
- 按公平值計入其他全面收入之股本投資
- 無形資產
- 應收增值稅
- 預付一名供應商款項

詳情請參閱本年報所載獨立核數師報告中「無法表示意見」及「無法表示意見之基礎」各段。

審閱財務報表

本公司審核委員會（「**審核委員會**」）已審閱並與本公司管理層討論本集團本年度之經審核綜合財務報表。

審核委員會及董事會對核數師之無法表示意見之見解

審核委員會及董事會認為，本公司已向核數師提供所有可得審核證據，且除本公佈內所披露促使核數師無法表示意見的事項之不確定因素或可能影響外，本集團截至二零一九年十二月三十一日止財政年度之綜合財務報表已真實而中肯地反映本集團於二零一九年十二月三十一日之表現及財務狀況。

經與核數師商討核數師報告內無法表示意見之基礎後，審核委員會及董事會有以下見解：

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董事會報告書

Material uncertainty related to going concern

As disclosed in note 2 to the consolidated financial statements of the Group, the consolidated financial statements were prepared on a going concern basis, the validity of which depends upon the financial support of the major shareholder at a sufficient level to finance the working capital requirements of the Group.

Should the major shareholder fail to provide adequate funds for the Group to meet its liabilities as they fall due, it might not be able to continue to operate as a going concern, and adjustments would have to be made to reclassify the Group's non-current assets and non-current liabilities as current assets and current liabilities respectively, to write down the carrying values of the Group's assets to their recoverable amounts and to provide for any provision for any contractual commitments that have become onerous as at the end of the reporting period. The effects of these adjustments have not been reflected in the consolidated financial statements.

As disclosed in the Company's announcement dated 24 April 2020, the Company entered into a shareholder's loan agreement with Dr. Yeung Yung ("**Dr Yeung**" or the "**major shareholder**") (a substantial shareholder, one of the executive Directors and the chairman of the Group) on 24 April 2020, pursuant to which Dr Yeung agreed to make available to the Company a shareholder's loan, which is interest free and unsecured, up to the principal amount of HK\$160,000,000 (the "**Shareholder's Loan**") by 31 May 2020 to finance the working capital requirements of the Group. Following completion of the audit of the consolidated financial statements of the Group for the Year by the Auditor, the Shareholder's Loan, in full, has been made available by the major shareholder for use by the Group as agreed. The Board has confidence in the major shareholder's continued commitment and support towards the Group.

Apart from the continuing financial support from the major shareholder, the Group will continue to explore fund raising opportunities and collaborations with potential business partners and investors. The Audit Committee and the Board consider that, with the unwavering efforts and commitment of its management, the Group will manage to have sufficient working capital for the operation and development of its business so that the disclaimer of opinion in relation to the material uncertainty related to going concern will not be carried forward to the Group's financial statements for the year ending 31 December 2020.

有關持續經營之重大不確定因素

誠如本集團綜合財務報表附註2所披露，綜合財務報表已按持續經營基準編製，其有效性取決於主要股東之財政支持是否足以為本集團之營運資金需要提供資金。

倘主要股東未能提供足夠資金供本集團應付到期應付負債，則本集團可能未能按持續經營基準繼續運作，且將須作出調整，以將本集團之非流動資產及非流動負債分別重新分類為流動資產及流動負債，將本集團資產之賬面值撇減至其可收回金額並就於報告期末成為過度繁重之合約承擔計提撥備。綜合財務報表並無反映此等調整之影響。

誠如本公司日期為二零二零年四月二十四日之公佈所披露，本公司與仰融博士（「**仰博士**」或「**主要股東**」）（本集團之主要股東、其中一名執行董事兼主席）於二零二零年四月二十四日訂立股東貸款協議，據此，仰博士同意於二零二零年五月三十一日或之前向本公司提供免息及無抵押股東貸款，本金額最高為160,000,000港元（「**股東貸款**」），為本集團之營運資金需要提供資金。於核數師完成審核本集團本年度之綜合財務報表後，主要股東已按照協定提供全數股東貸款以供本集團使用。董事會對主要股東對本集團之持續承諾及支持充滿信心。

除主要股東之持續財政支持外，本集團將繼續探索集資機會並與潛在商業夥伴及投資者合作。審核委員會及董事會認為，憑藉管理層之不懈努力及付出，本集團將能夠擁有足夠營運資金供其業務運作及發展，以使本集團截至二零二零年十二月三十一日止年度之財務報表不再因有關持續經營之重大不確定因素而無法表示意見。

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董事會報告書

Share of loss of associates and investment in associates

As disclosed in note 18 to the consolidated financial statements of the Group, the financial results of the Company's associate, the Ningbo Joint Venture, for the year ended 31 December 2019 were accounted for using the equity method in the consolidated financial statements of the Group.

The carrying amount of the Group's investment in the Ningbo Joint Venture included in the "investment in associates" in the consolidated balance sheet of the Group as at 31 December 2019 amounted to HK\$165,504,000. The share of net profit of the Ningbo Joint Venture included in the "share of loss of associates" in the consolidated statement of comprehensive income of the Group for the year ended 31 December 2019 amounted to HK\$233,719,000.

The Audit Committee and the Board understood that the Auditor's disclaimer of opinion was based on insufficient audit evidence to verify the validity of the management accounts provided by the Ningbo Joint Venture primarily due to hindrance of normal operation of the Ningbo Joint Venture as a result of the prevalence of the COVID-19 epidemic. As such, there were only limited audit evidences that could be provided to the Auditor. The Company will continue to liaise with the Ningbo Joint Venture in the preparation of the management accounts for the year ending 31 December 2020 so that the disclaimer of opinion in relation to the share of loss of associates and investment in associates will not be carried forward to the Group's financial statements for the financial year ending 31 December 2020.

Equity investments at fair value through other comprehensive income

The equity investments at fair value through other comprehensive income as at 31 December 2019 represented the investment of the Group in 吉林美來中信木業有限公司 ("吉林美來", together with its subsidiaries, the "Meilai Group").

應佔聯營公司之虧損及於聯營公司之投資

誠如本集團綜合財務報表附註18所披露，本公司聯營公司寧波合資公司截至二零一九年十二月三十一日止年度之財務業績於本集團之綜合財務報表內採用權益法入賬。

本集團於寧波合資公司之投資在本集團於二零一九年十二月三十一日之綜合資產負債表內「於聯營公司之投資」入賬，賬面金額為165,504,000港元。應佔寧波合資公司純利在本集團截至二零一九年十二月三十一日止年度之綜合全面收益表內「應佔聯營公司之虧損」入賬，金額為233,719,000港元。

審核委員會及董事會明白，核數師無法表示意見之基礎為未能取得充分之審核憑證，以核實寧波合資公司所提供管理賬目是否有效，主要由於2019冠狀病毒病疫情影響寧波合資公司之正常運作，故只能向核數師提供有限之審核憑證。本公司將繼續與寧波合資公司聯絡，編製截至二零二零年十二月三十一日止年度之管理賬目，以使本集團截至二零二零年十二月三十一日止財政年度之財務報表不再因應佔聯營公司之虧損及於聯營公司之投資而無法表示意見。

按公平值計入其他全面收入之股本投資

於二零一九年十二月三十一日按公平值計入其他全面收入之股本投資指本集團於吉林美來中信木業有限公司（「美來」，連同其附屬公司統稱為「美來集團」）之投資。

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The Audit Committee and the Board understood that the Auditor's disclaimer of opinion was based on the failure in obtaining the consolidated management accounts of the Meilai Group. This was primarily due to the hindrance of normal operation of the Meilai Group as a result of the prevalence of the COVID-19 epidemic. As such, the Meilai Group has not yet been able to provide the consolidated management accounts to the Company and the Auditor. The Company will continue to liaise with the Meilai Group in the preparation of the consolidated management accounts for the year ending 31 December 2020 so that the disclaimer of opinion in relation to equity investments at fair value through other comprehensive income will not be carried forward to the Group's financial statements for the year ending 31 December 2020.

Intangible assets

The balance of intangible assets of the Group mainly represented the recoverable amount of the intangible assets was estimated by reference to the value in use of the cash generating units (the "CGU") under the segment of battery management systems and spare parts in which the intangible assets belonged to. The value in use of the CGU was derived by the cash flow projections of the CGU prepared by the management, and the key assumptions of the projection is that the Group would be able to obtain additional working capital required for the CGU.

The Audit Committee and the Board understood that the basis of the Auditor's disclaimer of opinion in relation to the intangible assets, due to the factors concerning the material uncertainty about the Group's ability to continue as a going concern, the CGU may not be able to meet the cash flow projections if the Group was unable to obtain the additional working capital.

As disclosed above, following completion of the audit of the consolidated financial statements of the Group for the Year by the Auditor, the Shareholder's Loan in full has been made available by the major shareholder for use by the Group. The Audit Committee and the Board have confidence in the major shareholder's continued commitment and support towards the Group, and consider that the Group will have sufficient working capital for the operation and development of its business as and when the needs arise so that the disclaimer of opinion in relation to intangible assets will not be carried forward to the Group's financial statements for the year ending 31 December 2020.

審核委員會及董事會明白，核數師無法表示意見之基礎為未能取得美來集團之綜合管理賬目，主要由於2019冠狀病毒病疫情影響美來集團之正常運作，故美來集團仍未能向本公司及核數師提供綜合管理賬目。本公司將繼續與美來集團聯絡，編製截至二零二零年十二月三十一日止年度之綜合管理賬目，以使本集團截至二零二零年十二月三十一日止年度之財務報表不再因按公平值計入其他全面收入之股本投資而無法表示意見。

無形資產

本集團之無形資產結餘主要指無形資產之可收回金額，乃參照無形資產所屬電池管理系統及備品備件現金產生單位之使用價值估算。現金產生單位之使用價值乃基於管理層所編製之現金產生單位現金流量預測，而預測之關鍵假設乃本集團將可獲得現金產生單位所需額外營運資金。

審核委員會及董事會明白，核數師因無形資產而無法表示意見之基礎，源自有關本集團能否按持續經營基準繼續運作，而倘本集團未能取得額外營運資金，則該現金產生單位未必能符合預期現金流量之重大不確定因素。

誠如上文所披露，於核數師完成審核本集團本年度之綜合財務報表後，主要股東已提供全數股東貸款以供本集團使用。審核委員會及董事會對主要股東對本集團之持續承諾及鼎力支持充滿信心，並認為，本集團將擁有足夠營運資金供其業務運作及發展所需，以使本集團截至二零二零年十二月三十一日止年度之財務報表不再因無形資產而無法表示意見。

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Value-added tax receivables

The balance of value-added tax receivables of HK\$15,615,000 as at 31 December 2019 were recorded as trade and other receivables in the consolidated financial statements of the Company.

The Audit Committee and the Board understood that the Auditor's disclaimer of opinion in relation to the value-added tax receivables was due to the factors concerning the material uncertainty about the Group's ability to continue as a going concern. As such, the Group may not generate sufficient income and respective value-added tax payables to offset such value-added tax receivables.

As disclosed above, following completion of the audit of the consolidated financial statements of the Group for the Year by the Auditor, the Shareholder's Loan in full has been made available by the major shareholder for use by the Group. Accordingly, the Audit Committee and the Board consider that the Group will have sufficient working capital for the operation and development of its business, and to generate sufficient income and respective value-added tax payables to offset such value-added tax receivables, so that the disclaimer of opinion in relation to value-added tax receivables will not be carried forward to the Group's financial statements for the year ending 31 December 2020.

Prepayment to a supplier

The Audit Committee and the Board understood that the Auditor's disclaimer of opinion in relation to the prepayment to a supplier was based on the prepayment to XALT, which was recorded as trade and other receivables in the consolidated financial statements of the Company.

應收增值稅

於二零一九年十二月三十一日之應收增值稅結餘15,615,000港元於本公司之綜合財務報表內列作應收貿易款項及其他應收款。

審核委員會及董事會明白，核數師關於應收增值稅之無法表示意見乃源自有關本集團能否按持續經營基準繼續運作之重大不確定因素。因此，本集團未必能產生足夠收入及相關應付增值稅以抵銷有關應收增值稅。

誠如上文所披露，於核數師完成審核本集團本年度之綜合財務報表後，主要股東已提供全數股東貸款以供本集團使用。因此，審核委員會及董事會認為，本集團將擁有足夠營運資金供其業務運作及發展，以產生足夠收入及有關應付增值稅以抵銷有關應收增值稅，使本集團截至二零二零年十二月三十一日止年度之財務報表不再因應收增值稅而無法表示意見。

預付一名供應商款項

審核委員會及董事會明白，核數師關於預付一名供應商款項之無法表示意見乃基於預付XALT款項，於本公司之綜合財務報表內列作應收貿易款項及其他應收款。

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The Audit Committee and the Board consider that the Company has provided all available evidence to the Auditor of the Group's making of the prepayment to, and its receipt by, the recipient suppliers (whom and whose related parties are involved in the Lawsuit). Given that no discovery has yet taken place, and there is no active, open litigation with XALT presently, the Audit Committee and the Board consider it is understandable, from the Auditor's audit perspective, that it is premature to evaluate whether (i) any portion of the prepayment to XALT is unrecoverable; (ii) the recordation of the prepayment to suppliers in the audited financial statements of the Group for the years ended 31 December 2016, 2017, 2018 and 2019 were fairly stated; and (iii) there are no present contingent liabilities to be recognised for the Lawsuit. The Company will continue to engage in discussion with XALT and seek legal advice for appropriate legal actions on the Lawsuit from time to time in the hope of resolving the parties' dispute or settling the Lawsuit expeditiously so that the disclaimer of opinion in relation to the prepayment to a supplier will not be carried forward to the Group's financial statements for the financial year ending 31 December 2020.

審核委員會及董事會認為，就本集團向收款供應商（其本身及其關聯方均牽涉訴訟）預付款項及收款供應商收款，本公司已向核數師提供一切可得憑證。鑑於尚未交換透露文件，目前與XALT之間亦無公開進行之訴訟，審核委員會及董事會理解，在核數師之審計角度，目前未能評估(i)預付XALT款項任何部分是否不可收回；(ii)本集團截至二零一六年、二零一七年、二零一八年及二零一九年十二月三十一日止年度經審核財務報表所呈報之預付供應商款項已公平地呈列；及(iii)目前並無就訴訟確認之或然負債。本公司將繼續與XALT溝通，並不時就訴訟之適當法律行動尋求法律意見，冀能權宜地解決各方爭議或就訴訟達成和解，以使本集團截至二零二零年十二月三十一日止財政年度之財務報表不再因預付一名供應商款項而無法表示意見。

Directors' Report

董事會報告書

MATERIAL ACQUISITION OR DISPOSAL

The Group did not have material acquisition or disposal of assets during the Year and any future plans for material investment or capital assets (other than the existing projects (including research and development projects) and those disclosed in this report).

FUND RAISING ACTIVITIES AND USE OF PROCEED DURING THE YEAR

During the Year, the Company had not undertaken any fund raising activity.

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

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

LIQUIDITY AND FINANCIAL RESOURCES, CAPITAL STRUCTURE AND TREASURY POLICY

As at 31 December 2019, the total equity of the Group amounted to approximately HK\$567.5 million (31 December 2018: HK\$1,239 million).

The gearing ratio of the Group as at 31 December 2019 measured in terms of total liabilities divided by shareholders' equity was approximately 25.42% (31 December 2018: 4.94%).

As at 31 December 2019, net current assets of the Group were approximately HK\$358.9 million (31 December 2018: HK\$552.0 million). The cash and cash equivalents amounted to HK\$8.9 million (31 December 2018: HK\$45.8 million). The Group did not have outstanding borrowings (31 December 2018: Nil).

The Group adopts a conservative and balanced treasury policy in cash and financial management. The Group's cash is generally placed as deposits mostly denominated in Hong Kong dollars, United States dollars or Renminbi. To manage liquidity risk, the Group regularly reviews liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

重大收購或出售

除現有項目（包括研發項目）及本報告所披露者外，本集團於本年度並無重大資產收購或出售，亦無任何未來重大投資或資本資產計劃。

本年度之集資活動及所得款項用途

於本年度，本公司並無進行任何集資活動。

購買、出售或贖回本公司上市證券

於本年度，本公司及其任何附屬公司概無購買、出售或贖回本公司之任何上市證券。

流動資金及財務資源、資本架構及庫務政策

於二零一九年十二月三十一日，本集團之權益總額約為567,500,000港元（二零一八年十二月三十一日：1,239,000,000港元）。

本集團於二零一九年十二月三十一日之資本負債比率（以總負債除以股東權益計量）約為25.42%（二零一八年十二月三十一日：4.94%）。

於二零一九年十二月三十一日，本集團之流動資產淨值約為358,900,000港元（二零一八年十二月三十一日：552,000,000港元）。現金及現金等價物為8,900,000港元（二零一八年十二月三十一日：45,800,000港元）。本集團並無尚未償還借貸（二零一八年十二月三十一日：無）。

本集團之現金及財務管理採用保守及均衡之庫務政策。本集團之現金一般存作大部分以港元、美元或人民幣計值之存款。為管理流動資金風險，本集團定期檢討流動資金水平，確保本集團資產、負債及承擔之流動資金架構足以應付其資金需要。

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PLEDGE OF THE GROUP'S ASSETS

As at 31 December 2019, the Group had pledged its bank deposits of approximately HK\$2.0 million (31 December 2018: HK\$2.0 million) to the Group's bankers to secure general banking facilities granted to the Group.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

During the Year, almost all of the income and expenditure of the Group were denominated in Renminbi, Hong Kong dollar and/or United States dollars. The Group had no significant exposure to foreign exchange fluctuations and, therefore, had not taken any financial instruments for hedging purpose.

HUMAN RESOURCES AND REMUNERATION POLICIES

The Group had a total of approximately 100 employees as at 31 December 2019 (31 December 2018: 228 employees). It has been the Group's policy to ensure that the remuneration levels of the Directors and its employees are reviewed and rewarded on a performance-related basis within the general framework of the Group's salary and bonus system. Share options may also be granted to the Directors and employees of the Group to attract, retain and incentivise them to work and make contribution towards the long term growth and development of the Group.

SIGNIFICANT INVESTMENTS

Details of significant investments held by the Group during the Year are set out in note 18, 19 and 20 to the consolidated financial statements.

本集團資產質押

於二零一九年十二月三十一日，本集團已質押其約2,000,000港元（二零一八年十二月三十一日：2,000,000港元）之銀行存款予本集團之往來銀行，以為本集團獲授之一般銀行融資作抵押。

匯率波動風險及任何相關對沖

於本年度，本集團絕大部分收入及支出以人民幣、港元及／或美元計值。本集團並無面對重大外匯波動風險，因此並無採用任何金融工具作對沖目的。

人力資源及薪酬政策

於二零一九年十二月三十一日，本集團合共有約100名僱員（二零一八年十二月三十一日：228名僱員）。本集團奉行之政策為在本集團薪金及花紅制度之總體架構內，確保董事及本集團僱員之薪酬水平按工作表現檢討並與工作表現掛鉤。董事及本集團之僱員或會獲授購股權，以吸引、挽留及激勵彼等努力為本集團之長遠增長及發展作出貢獻。

重大投資

本集團於本年度所持重大投資詳情載於綜合財務報表附註18、19及20。

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FIVE-YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out in the annual report on page 156. The summary does not form part of the audited financial statements.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the shareholders of the Company by reason of their holding of the Company's securities.

COMPOSITION OF THE BOARD

The Directors during the Year and up to the date of this Directors' report are:

Executive Directors:

Dr Yeung Yung (*Chairman*)
Mr Feng Rui (*Chief Executive Officer*)
(*appointed on 1 January 2020*)
Dr Huang Chunhua (*Deputy Chairman*)
Dr Wang Chuantao (*Deputy Chairman*)
Mr Liu Stephen Quan
Dr Zhu Shengliang
Mr Li Zhengshan
Mr Ting Kwok Kit, Johnny
Mr Chen Xiao
Mr Xu Jianguo (*resigned on 1 August 2019*)
Mr Hui Wing Sang, Wilson (*resigned on 2 September 2019*)

Non-executive Director:

Dr Xia Tingkan, Tim

Independent Non-Executive Directors:

Dr Zhu Guobin
Mr Cheng Tat Wa
Dr Li Jianyong
Mr Chan Sin Hang
Mr. Lee Cheung Yuet, Horace
Dr Song Jian (*resigned on 31 December 2019*)

五年財務概要

本集團過往五個財政年度之業績、資產與負債概要列於年報第156頁。該概要並不構成經審核財務報表之一部分。

稅務寬免及豁免

董事並不知悉本公司股東因持有本公司之證券而享有任何稅務寬免及豁免。

董事會成員組合

於本年度內及截至本董事會報告書日期之董事如下：

執行董事：

仰融博士 (*主席*)
馮銳先生 (*行政總裁*)
(*於二零二零年一月一日獲委任*)
黃春華博士 (*副主席*)
王川濤博士 (*副主席*)
劉泉先生
朱勝良博士
李正山先生
丁國傑先生
陳曉先生
徐建國先生 (*於二零一九年八月一日辭任*)
許永生先生 (*於二零一九年九月二日辭任*)

非執行董事：

夏廷康博士

獨立非執行董事：

朱國斌博士
鄭達華先生
李建勇博士
陳善衡先生
李暢悅先生
宋健博士
(*於二零一九年十二月三十一日辭任*)

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SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

As at 31 December 2019, so far as is known to any director(s) or chief executive of the Company, the following parties (other than the directors or chief executive of the Company) were recorded in the register kept by the Company under section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), or as otherwise notified to the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

| Name 名稱／姓名 | Capacity/Nature of interest 身份／權益性質 | Number of Shares 股份數目 | Percentage 百分比 (Note 4) (附註4) |
|------------------|--|-----------------------------|--|
| Sun East LLC | Beneficial owner (Note 1) 實益擁有人(附註1) | 2,673,071,189 | 13.13% |
| Yeung Yung 仰融 | Interest of controlled corporation (Note 2) 受控法團權益(附註2) | 2,673,071,189 | 13.13% |
| | Beneficial owner (Note 3) 實益擁有人(附註3) | 68,140,000 | 0.34% |
| | | 2,741,211,189 | 13.47% |

Notes:

- Sun East LLC is owned as to 35% by Dr Yeung Yung (shared commonly with his spouse under the laws of California, the US) and 65% by Mr Ma Manwai (alias Ma Manwai, Philip) and Mr Jimmy Wang (alias Wang Jian) as co-trustees for certain trusts established for the benefit of the children of Dr Yeung Yung on 30 December 2002. Dr Yeung Yung (as well as his spouse) was deemed to be interested in these 2,673,071,189 Shares held by Sun East LLC under Part XV of the SFO.
- These 2,673,071,189 Shares are the same parcel of Shares held by Sun East LLC in which Dr Yeung Yung (as well as his spouse) is deemed interested under Part XV of the SFO.
- These 68,140,000 Shares are directly held by Dr Yeung Yung, in which his spouse is deemed interested under Part XV of the SFO.
- The percentage of shareholding is calculated on the basis of 20,352,872,747 Shares in issue as at 31 December 2019 and does not take into account any Shares which may fall to be allotted and issued upon exercise of any subscription rights attaching to any share options granted by the Company.

Save as disclosed above, no person, other than those Directors whose interests are set out in the section "Directors' and chief executive's interests and short positions" below, had registered an interest or short positions in the share capital or underlying shares of the Company that was required to be recorded under Section 336 of SFO.

主要股東於本公司股本中之權益

於二零一九年十二月三十一日，就本公司任何董事或最高行政人員所知，下列人士（不包括本公司董事或最高行政人員）於本公司5%或以上之已發行股本中擁有或被視為擁有本公司根據證券及期貨條例（香港法例第571章）（「證券及期貨條例」）第336條備存之登記冊所記錄，或已另行知會本公司之直接或間接權益：

附註：

- Sun East LLC由仰融博士擁有35%權益（根據美國加州法例與其配偶共同持有）以及馬文偉先生及王健先生作為若干信託之共同信託人擁有65%權益，而該等信託於二零零二年十二月三十日設立，以仰融博士之子女為受益人。根據證券及期貨條例第XV部，仰融博士（及其配偶）被視為於Sun East LLC所持2,673,071,189股股份中擁有權益。
- 該2,673,071,189股股份屬Sun East LLC持有之同一批股份，根據證券及期貨條例第XV部，仰融博士（及其配偶）被視為於其中擁有權益。
- 該68,140,000股股份由仰融博士直接持有，根據證券及期貨條例第XV部，其配偶被視為於其中擁有權益。
- 持股百分比按於二零一九年十二月三十一日已發行20,352,872,747股股份計算，並無計及可能因本公司已授出之任何購股權所附任何認購權獲行使而須配發及發行之任何股份。

除上文所披露者外，概無任何人士（董事除外，彼等之權益載於下文「董事及最高行政人員之權益及淡倉」一節）於本公司股本或相關股份中擁有根據證券及期貨條例第336條須記錄之登記權益或淡倉。

Directors' Report

董事會報告書

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 31 December 2019, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follow:

- (1) Long positions in the ordinary share (each a "Share") of HK\$0.10 each in the Company

董事及最高行政人員之權益及淡倉

於二零一九年十二月三十一日，本公司董事及最高行政人員於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份或債券中擁有根據證券及期貨條例第352條本公司存置之登記冊所記錄，或已根據香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄十所載上市發行人董事進行證券交易的標準守則另行知會本公司及聯交所之權益及淡倉如下：

- (1) 於本公司每股面值0.10港元普通股（各為一股「股份」）之好倉

| Name of Director 董事姓名 | Number of Shares 股份數目 | Capacity/Nature of interest 身份／權益性質 | Approximate percentage of shareholding 股權概約百分比 (Note 1) (附註1) |
|--------------------------|------------------------------------|--|--|
| Yeung Yung 仰融 | 2,673,071,189 (Note 2) (附註2) | Interest of controlled corporation 受控法團權益 | |
| | 68,140,000 | Beneficial owner 實益擁有人 | |
| | 2,741,211,189 (Note 3) (附註3) | | 13.47% |
| Huang Chunhua 黃春華 | 35,000,000 | Beneficial owner 實益擁有人 | 0.17% |
| Wang Chuantao 王川濤 | 30,000,000 | Beneficial owner 實益擁有人 | 0.15% |
| Liu Stephen Quan 劉泉 | 281,760,000 (Note 4) (附註4) | Founder of trust Interest of children under 18 信託創始人 未滿18歲子女之權益 | |
| | 10,000,000 | Beneficial owner 實益擁有人 | |
| | 291,760,000 | | 1.43% |

Directors' Report

董事會報告書

| Name of Director 董事姓名 | Number of Shares 股份數目 | Capacity/Nature of interest 身份／權益性質 | Approximate percentage of shareholding 股權概約百分比 (Note 1) (附註1) |
|------------------------------|--------------------------|--|--|
| Zhu Shengliang 朱勝良 | 22,043,883 | Beneficial owner 實益擁有人 | 0.11% |
| Li Zhengshan 李正山 | 26,270,000 | Beneficial owner 實益擁有人 | 0.13% |
| Ting Kwok Kit, Johnny 丁國傑 | 3,000,000 | Beneficial owner 實益擁有人 | 0.015% |
| Chen Xiao 陳曉 | 25,000,000 | Beneficial owner 實益擁有人 | 0.12% |
| Cheng Tat Wa 鄭達華 | 1,300,000 | Beneficial owner 實益擁有人 | 0.006% |
| Chan Sin Hang 陳善衡 | 500,000 | Beneficial owner 實益擁有人 | 0.002% |

Notes:

- (1) The percentage of shareholding is calculated on the basis of 20,352,872,747 Shares in issue as at 31 December 2019 and did not take into account any Shares which may fall to be allotted and issued upon exercise of any subscription rights attaching to any share options granted by the Company.
- (2) These Shares are held by Sun East LLC. Sun East LLC is a limited liability company incorporated in California, the US, which is owned as to (i) 35% by Dr Yeung Yung (shared commonly with his spouse under the laws of California, the US) and (ii) 65% by Mr Ma Manwai (alias Ma Manwai, Philip) and Mr Jimmy Wang (alias Wang Jian) as co-trustees for certain trusts established for the benefit of the children of Dr Yeung Yung on 30 December 2002. Dr Yeung Yung (as well as his spouse) was deemed to be interested in the Shares held by Sun East LLC by virtue of Part XV of the SFO.
- (3) The spouse of Dr Yeung Yung is deemed to be interested in the Shares beneficially held by Dr Yeung Yung by virtue of Part XV of the SFO.
- (4) These Shares were indirectly owned by certain trusts of which Mr Liu Stephen Quan were the founder. The children of Mr Liu were eligible beneficiaries of the trusts. Mr Liu was deemed to be interested in these Shares by virtue of Part XV of the SFO.

附註:

- (1) 持股百分比按於二零一九年十二月三十一日已發行20,352,872,747股股份計算，並無計及可能因本公司已授出之任何購股權所附任何認購權獲行使而須配發及發行之任何股份。
- (2) 該等股份由Sun East LLC持有。Sun East LLC乃於美國加州註冊成立之有限公司，由(i)仰融博士擁有35%權益（根據美國加州法例與其配偶共同持有）及(ii)馬文偉先生及王健先生作為若干信託之共同信託人擁有65%權益，而該等信託於二零零二年十二月三十日設立，以仰融博士之子女為受益人。根據證券及期貨條例第XV部，仰融博士（及其配偶）被視為於Sun East LLC所持股份中擁有權益。
- (3) 根據證券及期貨條例第XV部，仰融博士之配偶被視為於仰融博士實益持有之股份中擁有權益。
- (4) 該等股份由劉泉先生為創始人之若干信託間接擁有。劉先生之子女為有關信託之合資格受益人。根據證券及期貨條例第XV部，劉先生被視為於該等股份中擁有權益。

Directors' Report

董事會報告書

(2) Interests in share options of the Company

(2) 於本公司購股權之權益

| Name of Director | Date of grant | Exercisable period | Exercise price | Number of underlying Shares subject to outstanding Options 尚未行使購股權所涉及之相關股份數目 | Approximate percentage of shareholding 股權概約百分比 (Note) (附註) |
|------------------------|---------------------------------|--|-----------------------|---|---|
| 董事姓名 | 授出日期 | 可行使期間 | 行使價 (HK\$) (港元) | | |
| Huang Chunhua 黃春華 | 20 November 2014 二零一四年十一月二十日 | 20 November 2014 to 19 November 2024 二零一四年十一月二十日至 二零二四年十一月十九日 | 0.201 | 50,000,000 | 0.25% |
| Wang Chuantao 王川濤 | 20 November 2014 二零一四年十一月二十日 | 20 November 2014 to 19 November 2024 二零一四年十一月二十日至 二零二四年十一月十九日 | 0.201 | 30,000,000 | 0.15% |
| Liu Stephen Quan 劉泉 | 6 September 2013 二零一三年九月六日 | 6 September 2013 to 5 September 2023 二零一三年九月六日至 二零二三年九月五日 | 0.108 | 10,000,000 | 0.05% |
| Zhu Shengliang 朱勝良 | 6 September 2013 二零一三年九月六日 | 6 September 2013 to 5 September 2023 二零一三年九月六日至 二零二三年九月五日 | 0.108 | 20,000,000 | |
| | 20 November 2014 二零一四年十一月二十日 | 20 November 2014 to 19 November 2024 二零一四年十一月二十日至 二零二四年十一月十九日 | 0.201 | 20,000,000 | |
| | | | | 40,000,000 | 0.20% |

Directors' Report

董事會報告書

| Name of Director | Date of grant | Exercisable period | Exercise price | Number of underlying Shares subject to outstanding Options 尚未行使購股權所涉及之相關股份數目 | Approximate percentage of shareholding 股權概約百分比 (Note) (附註) |
|---------------------------------|---------------------------------|--|-----------------|--|--|
| 董事姓名 | 授出日期 | 可行使期間 | 行使價 (HK\$) (港元) | | |
| Li Zhengshan 李正山 | 6 September 2013 二零一三年九月六日 | 6 September 2013 to 5 September 2023 二零一三年九月六日至 二零二三年九月五日 | 0.108 | 20,000,000 | |
| | 20 November 2014 二零一四年十一月二十日 | 20 November 2014 to 19 November 2024 二零一四年十一月二十日至 二零二四年十一月十九日 | 0.201 | 50,000,000 | |
| | | | | 70,000,000 | 0.34% |
| Ting Kwok Kit, Johnny 丁國傑 | 6 September 2013 二零一三年九月六日 | 6 September 2013 to 5 September 2023 二零一三年九月六日至 二零二三年九月五日 | 0.108 | 32,000,000 | |
| | 20 November 2014 二零一四年十一月二十日 | 20 November 2014 to 19 November 2024 二零一四年十一月二十日至 二零二四年十一月十九日 | 0.201 | 25,000,000 | |
| | | | | 57,000,000 | 0.28% |
| Chen Xiao 陳曉 | 20 November 2014 二零一四年十一月二十日 | 20 November 2014 to 19 November 2024 二零一四年十一月二十日至 二零二四年十一月十九日 | 0.201 | 50,000,000 | 0.25% |
| Xia Tingkang, Tim 夏廷康 | 6 September 2013 二零一三年九月六日 | 6 September 2013 to 5 September 2023 二零一三年九月六日至 二零二三年九月五日 | 0.108 | 10,000,000 | |
| | 20 November 2014 二零一四年十一月二十日 | 20 November 2014 to 19 November 2024 二零一四年十一月二十日至 二零二四年十一月十九日 | 0.201 | 10,000,000 | |
| | | | | 20,000,000 | 0.10% |

Directors' Report

董事會報告書

| Name of Director | Date of grant | Exercisable period | Exercise price | Number of underlying Shares subject to outstanding Options 尚未行使購股權所涉及之相關股份數目 | Approximate percentage of shareholding 股權概約百分比 (Note) (附註) |
|----------------------|---------------------------------|--|-----------------|--|--|
| 董事姓名 | 授出日期 | 可行使期間 | 行使價 (HK\$) (港元) | | |
| Zhu Guobin 朱國斌 | 6 September 2013 二零一三年九月六日 | 6 September 2013 to 5 September 2023 二零一三年九月六日至 二零二三年九月五日 | 0.108 | 10,000,000 | |
| | 20 November 2014 二零一四年十一月二十日 | 20 November 2014 to 19 November 2024 二零一四年十一月二十日至 二零二四年十一月十九日 | 0.201 | 10,000,000 | |
| | | | | 20,000,000 | 0.10% |
| Cheng Tat Wa 鄭達華 | 20 November 2014 二零一四年十一月二十日 | 20 November 2014 to 19 November 2024 二零一四年十一月二十日至 二零二四年十一月十九日 | 0.201 | 5,000,000 | 0.03% |
| Li Jianyong 李建勇 | 6 September 2013 二零一三年九月六日 | 6 September 2013 to 5 September 2023 二零一三年九月六日至 二零二三年九月五日 | 0.108 | 10,000,000 | |
| | 20 November 2014 二零一四年十一月二十日 | 20 November 2014 to 19 November 2024 二零一四年十一月二十日至 二零二四年十一月十九日 | 0.201 | 20,000,000 | |
| | | | | 30,000,000 | 0.15% |
| Chan Sin Hang 陳善衡 | 20 November 2014 二零一四年十一月二十日 | 20 November 2014 to 19 November 2024 二零一四年十一月二十日至 二零二四年十一月十九日 | 0.201 | 4,500,000 | 0.02% |

Note:

The percentage of shareholding is calculated on the basis of 20,352,872,747 Shares in issue as at 31 December 2019.

附註：

持股百分比按於二零一九年十二月三十一日已發行20,352,872,747股股份計算。

Directors' Report

董事會報告書

Save as disclosed above, none of the Directors or the chief executive of the Company had or were deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 31 December 2019.

SHARE OPTION SCHEME

The share option scheme of the Company currently in force was adopted on 13 June 2013 (the "Scheme") pursuant to an ordinary resolution passed by the shareholders of the Company at the annual general meeting of the Company held on 13 June 2013.

The following share options were outstanding during the period from 1 January 2019 to 31 December 2019 (the "Period"):

| Name/Category of Participant | As at 1 January 2019 於二零一九年一月一日 | Reclassification during the period 期內重新分類 | Share options Granted 已授出購股權 | Share options lapsed/cancelled during the Period 期內已失效/註銷購股權 | Share Options exercised 已行使購股權 | As at 31 December 2019 於二零一九年十二月三十一日 | Date of Grant 授出日期 | Exercise Price 行使價 | Exercise Period 行使期 |
|------------------------------|------------------------------------|--|---------------------------------|---|-----------------------------------|---|-----------------------|-----------------------|------------------------|
| Director 董事 | | | | | | | | | |
| Huang Chunhua 黃春華 | 50,000,000 | - | - | - | - | 50,000,000 | Note 3 附註3 | Note 3 附註3 | Note 3 附註3 |
| Wang Chuantao 王川濤 | 30,000,000 | - | - | - | - | 30,000,000 | Note 3 附註3 | Note 3 附註3 | Note 3 附註3 |
| Liu Stephen Quan 劉泉 | 10,000,000 | - | - | - | - | 10,000,000 | Note 1 附註1 | Note 1 附註1 | Note 1 附註1 |
| Zhu Shengliang 朱勝良 | 20,000,000 | - | - | - | - | 20,000,000 | Note 1 附註1 | Note 1 附註1 | Note 1 附註1 |
| | 20,000,000 | - | - | - | - | 20,000,000 | Note 3 附註3 | Note 3 附註3 | Note 3 附註3 |
| Li Zhengshan 李正山 | 20,000,000 | - | - | - | - | 20,000,000 | Note 1 附註1 | Note 1 附註1 | Note 1 附註1 |
| | 50,000,000 | - | - | - | - | 50,000,000 | Note 3 附註3 | Note 3 附註3 | Note 3 附註3 |
| Ting Kwok Kit, Johnny 丁國傑 | 32,000,000 | - | - | - | - | 32,000,000 | Note 1 附註1 | Note 1 附註1 | Note 1 附註1 |
| | 25,000,000 | - | - | - | - | 25,000,000 | Note 3 附註3 | Note 3 附註3 | Note 3 附註3 |
| Chen Xiao 陳曉 | 50,000,000 | - | - | - | - | 50,000,000 | Note 3 附註3 | Note 3 附註3 | Note 3 附註3 |
| Xia Tingkang, Tim 夏廷康 | 10,000,000 | - | - | - | - | 10,000,000 | Note 1 附註1 | Note 1 附註1 | Note 1 附註1 |
| | 10,000,000 | - | - | - | - | 10,000,000 | Note 3 附註3 | Note 3 附註3 | Note 3 附註3 |

除上文所披露者外，於二零一九年十二月三十一日，概無本公司董事或最高行政人員於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之任何股份、相關股份或債券中擁有或被視為擁有任何權益或淡倉。

購股權計劃

本公司現時有效之購股權計劃乃根據本公司股東於二零一三年六月十三日舉行之本公司股東週年大會上通過之一項普通決議案於二零一三年六月十三日採納（「計劃」）。

以下購股權於二零一九年一月一日至二零一九年十二月三十一日期間（「期內」）尚未行使：

Directors' Report

董事會報告書

| Name/Category of Participant | As at 1 January 2019 於二零一九年一月一日 | Reclassification during the period 期內重新分類 | Share options Granted 已授出購股權 | Share options lapsed/cancelled during the Period 期內已失效/註銷購股權 | Share Options exercised 已行使購股權 | As at 31 December 2019 於二零一九年十二月三十一日 | Date of Grant 授出日期 | Exercise Price 行使價 | Exercise Period 行使期 |
|--|------------------------------------|--|---------------------------------|---|-----------------------------------|---|-----------------------|-----------------------|------------------------|
| Director 董事 | | | | | | | | | |
| Zhu Guobin 朱國斌 | 10,000,000 | - | - | - | - | 10,000,000 | Note 1 附註1 | Note 1 附註1 | Note 1 附註1 |
| | 10,000,000 | - | - | - | - | 10,000,000 | Note 3 附註3 | Note 3 附註3 | Note 3 附註3 |
| Cheng Tat Wa 鄭達華 | 5,000,000 | - | - | - | - | 5,000,000 | Note 3 附註3 | Note 3 附註3 | Note 3 附註3 |
| Li Jianyong 李建勇 | 10,000,000 | - | - | - | - | 10,000,000 | Note 1 附註1 | Note 1 附註1 | Note 1 附註1 |
| | 20,000,000 | - | - | - | - | 20,000,000 | Note 3 附註3 | Note 3 附註3 | Note 3 附註3 |
| Chan Sin Hang 陳善衡 | 4,500,000 | - | - | - | - | 4,500,000 | Note 3 附註3 | Note 3 附註3 | Note 3 附註3 |
| Xu Jianguo 徐建國 | 50,000,000 | - | - | (50,000,000) | - | - | Note 3 附註3 | Note 3 附註3 | Note 3 附註3 |
| Hui Wing Sang, Wilson 許永生 | 60,000,000 | (60,000,000) | - | - | - | - | Note 1 附註1 | Note 1 附註1 | Note 1 附註1 |
| | 50,000,000 | (50,000,000) | - | - | - | - | Note 3 附註3 | Note 3 附註3 | Note 3 附註3 |
| Song Jian 宋健 | 10,000,000 | (10,000,000) | - | - | - | - | Note 1 附註1 | Note 1 附註1 | Note 1 附註1 |
| | 10,000,000 | (10,000,000) | - | - | - | - | Note 3 附註3 | Note 3 附註3 | Note 3 附註3 |
| Sub Total: 小計: | 566,500,000 | (130,000,000) | - | (50,000,000) | - | 386,500,000 | | | |
| Employee (in aggregate) 僱員 (合計) | 104,500,000 | - | - | - | - | 104,500,000 | Note 1 附註1 | Note 1 附註1 | Note 1 附註1 |
| | 278,000,000 | - | - | - | - | 278,000,000 | Note 3 附註3 | Note 3 附註3 | Note 3 附註3 |
| | 25,000,000 | - | - | - | - | 25,000,000 | Note 6 附註6 | Note 6 附註6 | Note 6 附註6 |
| | 10,000,000 | - | - | - | - | 10,000,000 | Note 7 附註7 | Note 7 附註7 | Note 7 附註7 |
| Sub Total: 小計: | 417,500,000 | - | - | - | - | 417,500,000 | | | |
| Other eligible persons: (in aggregate) 其他合資格人士:(合計) | 196,000,000 | 70,000,000 | - | - | - | 266,000,000 | Note 1 附註1 | Note 1 附註1 | Note 1 附註1 |
| | 21,000,000 | - | - | - | - | 21,000,000 | Note 2 附註2 | Note 2 附註2 | Note 2 附註2 |
| | 216,000,000 | 60,000,000 | - | - | - | 276,000,000 | Note 3 附註3 | Note 3 附註3 | Note 3 附註3 |
| | 400,000,000 | - | - | - | - | 400,000,000 | Note 4 附註4 | Note 4 附註4 | Note 4 附註4 |
| | 200,000,000 | - | - | (200,000,000) | - | - | Note 5 附註5 | Note 5 附註5 | Note 5 附註5 |
| Sub Total: 小計: | 1,033,000,000 | 130,000,000 | - | (200,000,000) | - | 963,000,000 | | | |
| Total: 總計: | 2,017,000,000 | - | - | (250,000,000) | - | 1,767,000,000 | | | |

Directors' Report

董事會報告書

Notes:

1. These share options were granted on 6 September 2013 and are exercisable at a subscription price of HK\$0.108 per share at any time during the period of 10 years from 6 September 2013 to 5 September 2023.
2. These share options were granted on 29 July 2014 and are exercisable at a subscription price of HK\$0.1136 per share at any time during the period of 10 years from 29 July 2014 to 28 July 2024.
3. These share options were granted on 20 November 2014 and are exercisable at a subscription price of HK\$0.201 per share at any time during the period of 10 years from 20 November 2014 to 19 November 2024.
4. These share options were granted on 14 July 2015 and are exercisable at a subscription price of HK\$0.395 per share at any time during the period of 10 years from 14 July 2015 to 13 July 2025.
5. These share options were granted on 29 November 2016 and are exercisable at a subscription price of HK\$0.24 per share during the 3-years validity period (validity period) from 29 November 2016 to 28 November 2019 in the manner as set out below:
 - up to 50% of the total number of share options granted (that is, 100,000,000 share options) will become exercisable, if at any time during the validity period, the market capitalization of the Company reaches HK\$6,000,000,000 or above;
 - the remaining 50% (that is, 100,000,000 share options) of the total number of share options will become exercisable, if at any time during the validity period, the market capitalization of the Company reaches HK\$8,000,000,000 or above.

All outstanding or unexercised share options granted shall lapse on 28 November 2019 or the date of termination of the Investor Relations Agreement, whichever is the earlier. Please refer to the Company's announcement dated 29 November 2016 for details.

Since the market capitalization of the Company did not reach HK\$6,000,000,000 or above during the validity period, all share options were not exercisable and lapsed on 28 November 2019.

6. These share options were granted on 9 December 2016 and are exercisable at a subscription price of HK\$0.228 per share at any time during the period of 10 years from 9 December 2016 to 08 December 2026.
7. These share options were granted on 20 January 2017 and are exercisable at a subscription price of HK\$0.1872 per share at any time during the period of 10 years from 20 January 2017 to 19 January 2027.

附註：

1. 該等購股權於二零一三年九月六日授出，並可於二零一三年九月六日至二零二三年九月五日之10年期間內任何時間按每股0.108港元之認購價行使。
2. 該等購股權於二零一四年七月二十九日授出，並可於二零一四年七月二十九日至二零二四年七月二十八日之10年期間內任何時間按每股0.1136港元之認購價行使。
3. 該等購股權於二零一四年十一月二十日授出，並可於二零一四年十一月二十日至二零二四年十一月十九日之10年期間內任何時間按每股0.201港元之認購價行使。
4. 該等購股權於二零一五年七月十四日授出，並可於二零一五年七月十四日至二零二五年七月十三日之10年期間內任何時間按每股0.395港元之認購價行使。
5. 該等購股權於二零一六年十一月二十九日授出，並可按下文所載方式於二零一六年十一月二十九日至二零一九年十一月二十八日之3年有效期內按每股0.24港元之認購價行使：
 - 已授出購股權總數最多50%（即100,000,000份購股權）將可於（在有效期內任何時間）本公司市值達6,000,000,000港元或以上時行使；
 - 購股權總數餘下50%（即100,000,000份購股權）將可於（在有效期內任何時間）本公司市值達8,000,000,000港元或以上時行使。

所有發行在外或未行使之已授出購股權將於二零一九年十一月二十八日或投資者關係協議終止日期（以較早者為準）失效。詳情請參閱本公司日期為二零一六年十一月二十九日之公佈。

由於本公司在有效期內之市值未達6,000,000,000港元或以上，故所有購股權未可行使，並已於二零一九年十一月二十八日失效。

6. 該等購股權於二零一六年十二月九日授出，並可於二零一六年十二月九日至二零二六年十二月八日之10年期間內任何時間按每股0.228港元之認購價行使。
7. 該等購股權於二零一七年一月二十日授出，並可於二零一七年一月二十日至二零二七年一月十九日之10年期間內任何時間按每股0.1872港元之認購價行使。

Directors' Report

董事會報告書

The principal terms of the Scheme are briefly summarised below: 計劃之主要條款簡述如下：

- | | |
|---|--|
| 1) Purpose of the Scheme 計劃之目的 | As incentives and rewards to eligible participants for their contribution or potential contribution to the Group 作為合資格參與者對本集團作出貢獻或潛在貢獻之激勵及獎勵 |
| 2) Participants of the Scheme 計劃之參與者 | <ul style="list-style-type: none">a) any employee (whether full time or part time, including any executive Director but excluding any non-executive Director) of the Company, any of its subsidiaries, or any entity (the “Invested Entity”) in which any member of the Group holds any equity interest; 本公司、其任何附屬公司或本集團任何成員公司持有任何股權之任何實體（「所投資實體」）之任何僱員（不論全職或兼職，包括任何執行董事但不包括任何非執行董事）；b) any non-executive Directors (including independent non-executive Directors), any of the subsidiaries of the Company or any Invested Entity; 本公司任何附屬公司或任何所投資實體之任何非執行董事（包括獨立非執行董事）；c) any supplier of goods or services to any member of the Group or any Invested Entity; 本集團任何成員公司或任何所投資實體之任何貨品或服務供應商；d) any customer of the Group or any Invested Entity; 本集團或任何所投資實體之任何客戶；e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; 為本集團或任何所投資實體提供研究、開發或其他技術支援之任何人士或實體；f) any shareholder of any member of the Group other than the Company or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; 本集團任何成員公司（本公司除外）或任何所投資實體之任何股東，或本集團任何成員公司或任何所投資實體所發行任何證券之任何持有人；g) any advisor (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and 本集團任何成員公司或任何所投資實體之業務或業務發展中任何方面之任何顧問（不論為專業或其他顧問）或諮詢人；及h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group. 通過合營企業、業務聯盟或其他業務安排而曾經或可能對本集團發展及增長作出貢獻的任何其他組別或類別參與者。 |

Directors' Report

董事會報告書

3) Total number of Shares available for issue under the Scheme

根據計劃可供發行的股份總數

The total number of Shares which may be allotted and issued upon the exercise of all options (excluding such options which have lapsed in accordance with the terms of the Scheme and any other share option scheme(s) of the Group) to be granted under the Scheme and any other share option scheme(s) of the Group must not in aggregate exceed 10% of the Shares in issue on the date of approval of the Scheme (the “**General Scheme Limit**”).

因根據計劃及本集團任何其他購股權計劃將予授出之所有購股權（不包括根據計劃及本集團任何其他購股權計劃之條款已失效之購股權）獲行使而可能配發及發行之股份總數合共不得超過批准計劃當日已發行股份之10%（「**一般計劃上限**」）。

Subject to the rules of the Scheme, the Company may seek approval of its shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Scheme and any other share option scheme(s) of the Group must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit. For the purpose of calculating the refreshed limit, such options (including those outstanding, cancelled, lapsed or exercised in accordance with the Scheme and any other share option scheme of the Group) previously granted under the Scheme and any other share option scheme(s) of the Group will not be counted.

在計劃規則之規限下，本公司可尋求其股東在股東大會上批准更新一般計劃上限，惟因根據計劃及本集團任何其他購股權計劃將予授出之所有購股權獲行使而可能配發及發行之股份總數不得超過批准經更新上限當日已發行股份之10%。就計算經更新上限而言，先前根據計劃及本集團任何其他購股權計劃授出之相關購股權（包括根據計劃及本集團任何其他購股權計劃未行使、已註銷、已失效或已行使之購股權）不會計算在內。

Upon the date of approval of the refreshment of the General Scheme Limit by its shareholders on 31 October 2017, the Company may issue up to 2,033,787,274 Shares (the “**Refreshed General Scheme Limit**”), representing 10% of the total issued share capital of the Company as at 31 October 2017.

於二零一七年十月三十一日股東批准更新一般計劃上限日期後，本公司可發行不超過2,033,787,274股股份（「**經更新一般計劃上限**」），即本公司於二零一七年十月三十一日之已發行總股本之10%。

Given the Refreshed General Scheme Limit had not yet been utilized as at 31 December 2019, the total number of Shares available for issue by the Company upon exercise of options not yet granted under the Scheme remained as 2,033,787,274 Shares.

鑑於經更新一般計劃上限於二零一九年十二月三十一日未曾動用，根據計劃尚未授出之購股權獲行使時本公司可發行之股份總數仍為2,033,787,274股。

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- 4) Maximum number of shares available for issue under the Scheme
- 根據計劃可供發行之股份最高數目
- The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme (and any other share option scheme adopted by the Group) must not in aggregate exceed 30% of the share capital of the Company in issue from time to time.
- 於計劃（及本集團所採納之任何其他購股權計劃）下所有已授出之發行在外且尚未行使購股權獲行使時可發行之股份最高數目，合共不得超過本公司不時已發行股本之30%。
- As at 31 December 2019, the maximum number of Shares that may be issued by the Company upon exercise of all outstanding options already granted under the Scheme is 1,767,000,000, representing approximately 8.68% of the total number of Shares in issue of the Company as at 31 December 2019.
- 於二零一九年十二月三十一日，根據計劃已授出而尚未行使之購股權獲全數行使時本公司可發行之股份最高數目為1,767,000,000股，即本公司於二零一九年十二月三十一日之已發行股份總數約8.68%。
- 5) Maximum entitlement of each participant under the Scheme
- 計劃項下每名參與者之最高配額
- In any 12-month period, shall not exceed 1% of the shares in issue
- 於任何12個月之期間不得超逾已發行股份之1%
- 6) The period within which the shares must be taken up under an option
- 接納購股權項下股份之期限
- The Board may in its absolute discretion determine save that such period shall not expire later than 10 years from the date of grant
- 董事會可絕對酌情決定該期限，惟該期限不得遲於由授出日期起計十年後屆滿
- 7) The minimum period for which an option must be held before it can be exercised
- 購股權可予行使前須持有之最短期間
- Unless otherwise determined by the Board, no minimum period
- 除非董事會另有釐定，否則並無最短期間

Directors' Report

董事會報告書

- 8) The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid
申請或接納購股權時應付之款項，以及須或可支付款項或催繳款項或償還就此借入之貸款之期間
- Upon acceptance of the option, the grantee shall inform the Company together with HK\$1 by way of consideration for the grant within 21 days from the date of offer
於接納購股權時，承授人須於由要約日期起計二十一天內知會本公司並支付1港元作為授出代價
- 9) The basis of determining the exercise price
行使價之釐定基準
- The exercise price is determined by the Board and being not less than the highest of:
行使價由董事會決定及不可低於以下三者之最高者：
- a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of shares on the date of offer for grant which must be a business day; or
股份於要約日期（須為營業日）聯交所每日報價表所列供進行一手或多手股份買賣使用之收市價；或
 - b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of shares for the 5 business days immediately preceding the date of offer for grant which must be a business day; or
股份於緊接要約日期（須為營業日）前五個營業日聯交所每日報價表所列供進行一手或多手股份買賣使用之平均收市價；或
 - c) the nominal value thereof
股份之面值
- 10) The remaining life of the Scheme
計劃尚餘年期
- The Scheme remains in force until 12 June 2023
計劃將一直生效直至二零二三年六月十二日為止

Directors' Report

董事會報告書

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any Director or an entity connected with a director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Year and up to the date of this annual report, no Directors are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Company or any of its subsidiaries, which is not determinable by the employer within one year without payment of compensation, other than statutory compensations.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct governing securities transactions by the Directors. All Directors, after specific enquiries by the Company, had confirmed to the Company their compliance with the required standards set out in the Model Code during the Year.

董事於交易、安排及合約中之權益

概無任何董事或與董事有關連之實體於本公司或其任何附屬公司所訂立且於本年度年末或本年度內任何時間仍然有效，並對本集團業務屬重要之交易、安排及合約中擁有（不論直接或間接）重大權益。

董事於競爭性業務中之權益

於本年度內及直至本年報日期，概無董事被視為於與本集團之業務直接或間接形成競爭或可能形成競爭之業務（定義見上市規則）中擁有權益。

董事之服務合約

概無董事與本公司或其任何附屬公司訂有僱主不可於一年內免付賠償（法定賠償除外）而終止之服務合約。

管理合約

於本年度內並無訂立或存在有關本公司全部或任何重大部分業務之管理及行政管理合約（僱傭合約除外）。

董事進行證券交易的標準守則

本公司已採納上市規則附錄十所載之上市發行人董事進行證券交易的標準守則（「標準守則」），作為其監管董事進行證券交易之行為守則。經本公司作出具體查詢後，全體董事已向本公司確認，彼等已於本年度遵守標準守則所規定之標準。

Directors' Report

董事會報告書

MAJOR CUSTOMERS AND SUPPLIERS

Turnover

The percentage of the Group's revenue (included continuing and discontinued operations) attributable to the five largest customers for the Year is as follows:

| | |
|---|---------|
| – The largest customer | 90.46% |
| – The five largest customers in aggregate | 100.00% |

Purchases

The percentage of the Group's purchase (included continuing and discontinued operations) attributable to the five largest suppliers for the Year is as follows:

| | |
|---|------|
| – The largest supplier | 84% |
| – The five largest suppliers in aggregate | 100% |

As far as the Directors are aware, none of the Directors, their associates or any shareholder of the Company (who to the Directors' knowledge was interested in or owned more than 5 per cent. of the Company's share capital) had any interest in the customers or suppliers referred to above.

CONNECTED TRANSACTIONS

None of the "Related Party Transactions" constituted discloseable non-exempted connected transaction or non-exempted continuing connected transaction under the Listing Rules.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment of the Group and the Company during the Year are set out in note 17 to the consolidated financial statements.

主要客戶及供應商

營業額

於本年度，五大客戶佔本集團收入（包括持續經營業務及已終止經營業務）之百分比如下：

| | |
|----------|---------|
| – 最大客戶 | 90.46% |
| – 五大客戶合計 | 100.00% |

採購

於本年度，五大供應商佔本集團採購（包括持續經營業務及已終止經營業務）之百分比如下：

| | |
|-----------|------|
| – 最大供應商 | 84% |
| – 五大供應商合計 | 100% |

就董事所知，概無董事、彼等之聯繫人或本公司之任何股東（就董事所知，擁有本公司5%以上股本或當中之權益者）概無於上述客戶或供應商中擁有任何權益。

關連交易

「關聯方交易」概不構成上市規則項下之須予披露不獲豁免關連交易或不獲豁免持續關連交易。

物業、廠房及設備

本集團及本公司物業、廠房及設備於本年度內之變動載於綜合財務報表附註17。

Directors' Report

董事會報告書

RESERVES

Movements in reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on page 76 and note 32 to the consolidated financial statements respectively.

As at 31 December 2019, the Company's reserves available for distribution, calculated in accordance with the Companies Act 1981 of Bermuda (as amended), amounted to approximately HK\$Nil (2018: HK\$Nil).

ANALYSIS OF BORROWINGS AND INTEREST CAPITALISED

No borrowings was made and no interest was capitalised by the Group during the Year.

SHARE CAPITAL

The number of issued ordinary shares of HK\$0.10 each in the Company as at 31 December 2019 was 20,352,872,747 (2018: 20,352,872,747).

Movements in share capital of the Company are shown in note 31 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws or the laws of Bermuda.

DIVIDEND POLICY

The Company may distribute dividends by way of cash or by other means that the Board considers appropriate. Any proposed distribution of dividends is subject to the discretion of the Board and, where applicable, the approval of the Shareholders. The Board will consider various factors before declaring or recommending any payment of dividends which factors include the results of operation of the business of the Group, the retained earnings and distributable reserves of the Company and each of the members of the Group, the Group's actual and expected financial performance, the general business conditions and strategies, the Group's expected working capital requirements and future expansion plans, the general economic conditions and business cycle of the Group's business, the future prospects of the business of the Group, shareholders' interests, statutory and regulatory restrictions on the payment of dividend and other internal or external factors that the Board deems appropriate.

儲備

本集團及本公司之儲備於本年度內之變動分別載於第76頁之綜合權益變動表及綜合財務報表附註32。

於二零一九年十二月三十一日，本公司可供分派之儲備（根據百慕達一九八一年公司法（經修訂）計算）約為零港元（二零一八年：零港元）。

借貸及資本化利息之分析

本集團於本年度內並無任何借貸及將任何利息撥充資本。

股本

本公司於二零一九年十二月三十一日之已發行每股面值0.10港元之普通股數目為20,352,872,747股（二零一八年：20,352,872,747股）。

本公司股本之變動載於綜合財務報表附註31。

優先購買權

本公司之公司細則或百慕達法律並無有關優先購買權之條文。

股息政策

本公司可以現金或董事會認為合適之其他方式分派股息。任何擬派股息均須經董事會酌情決定，並經股東批准（如適用）。董事會於宣佈或建議派付任何股息前均會考慮多項因素，包括本集團業務之經營業績、本公司及本集團各成員公司之盈利及可供分派儲備、本集團之實際及預期財務表現、整體業務狀況及戰略、本集團之預期營運資金要求及未來擴充計劃、整體經濟環境及本集團業務之經營週期、本集團業務之未來前景、股東之利益、派付股息之法律及監管限制以及董事認為合適之其他內外因素。

Directors' Report

董事會報告書

DIVIDENDS

The Directors do not recommend the payment of any final dividend to shareholders of the Company for the year ended 31 December 2019 (2018: Nil).

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Directors, the Company had maintained the prescribed level of public float as required under the Listing Rules during the Year and up to the date of this annual report.

DIRECTORS' INDEMNITIES

According to the Company's bye-laws, each director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities (to the extent allowed by the Companies Act, 1981 of Bermuda (as amended) which such director may sustain or incur in or about the execution of the director's duties or otherwise in relation thereto. The Company has arranged appropriate directors' and officers' liabilities insurance coverage for the directors and officers of the Group. Such insurance to indemnify them against liabilities arising from the execution of their duties was in force during the Year and remain effective as at the date of the Directors' report.

股息

董事不建議就截至二零一九年十二月三十一日止年度向本公司股東派付任何末期股息（二零一八年：無）。

公眾持股量之充足程度

根據本公司可得之公開資料及就董事所知，於本年度內及直至本年報日期，本公司已按上市規則規定維持指定之公眾持股量水平。

董事彌償

根據本公司之公司細則，各董事均有權就其可能於執行董事職務時或因此而產生或招致之所有損失或責任（在百慕達一九八一年公司法（經修訂）許可之範圍內）從本公司之資產獲得彌償。本公司已為本集團董事及高級職員安排合適之董事及高級職員責任保險。對於就彼等於執行職務時產生之責任作出彌償之保險於本年度及董事會報告書日期均維持有效。

Directors' Report

董事會報告書

ENVIRONMENTAL POLICIES AND PERFORMANCE

The automotive industry is one of the most environmental aware business sectors. To preserve the environment, the Group strives to devise and adopt environmental friendly strategies, policies and measures (through the concepts of reducing, re-using and recycling) to achieve sustainable development, and is committed to conducting its activities in a manner consistent with the above determination.

These strategies, policies and measures include but not limited to (i) using energy-efficient lighting and appliances, recycling of office supplies and other materials in the workplace to the extent practicable, (ii) working or partnering with renowned academics and strategic business partners in the research and development of both technologically advanced and energy saving auto-components and materials (such as single and few-layer graphene, battery materials, super batteries and electric control systems) for the electric buses, new engine and other vehicles designed and/or manufactured by the Group, (iii) setting up or using energy-saving and technologically advanced establishments and facilities for the manufacture of new energy products for auto-use, (iv) setting criteria for the selection of our suppliers and manufacturers which must be reliable, financially sound, environmental conscientious and are keen to adopt sustainability measures in their business and operation and (v) educating and reinforcing environmental protection awareness among employees of the Group.

COMPLIANCE WITH LAWS AND REGULATIONS

The Board recognizes the importance of the Company to act responsibly and due compliance with the laws, rules and regulations applicable to the businesses operated by the Group. The Group has employed suitable personnel and engaged appropriate professional advisers to ensure that it stays abreast with legislative changes and industry developments and its operations are being run in line with the applicable laws, rules and regulations.

During the Year, the Company had complied with, and the Board is not aware of any violation of, the applicable laws, rules and regulations that had a significant impact on the business and operation of the Group in any material respects.

環境政策及表現

汽車業為最關注環境的行業之一。為保護環境，本集團努力制定及採取環保策略、政策及措施（透過減少、再利用及回收利用之理念）以實現可持續發展，並致力按與上述方針一致之方式經營其業務。

該等策略、政策及措施包括但不限於(i)在實際可行情況下盡量在工作場所使用節能照明及電器、回收利用辦公用品及其他材料，(ii)與知名學者及策略業務夥伴合作，以研發應用於本集團所設計及／或製造電動巴士、新發動機及其他車輛之先進技術以及節能汽車零部件及材料（如單層及多層石墨烯、電池材料、超級電池及電控系統），(iii)在製造車用新能源產品方面建立或使用節能及技術先進之機構及設施，(iv)制定標準，規定必須選擇可靠、財政穩健、重視環境以及於業務及營運中積極採取可持續發展措施之供應商及製造商，以及(v)教育及加強本集團僱員之環保意識。

遵守法律及法規

董事會了解本公司負責任地行事及妥為遵守適用於本集團所經營業務之法律、規則及法規的重要性。本集團已僱用適當人員及委聘合適專業顧問以確保其緊貼立法變動及行業發展，以及其業務營運符合適用法律、規則及法規。

於本年度內，本公司已遵守於任何重大方面對本集團業務及營運有重大影響之適用法律、規則及法規，且董事會並不知悉本公司有任何違反之情況。

Directors' Report

董事會報告書

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Company is committed to upholding a positive image for the Group and building trust and loyalty among its stakeholders, employees, customers, suppliers and other business partners. The Board considers that the Company has all along maintained good relationships with its stakeholders, employees, key customers, suppliers and other business partners, which are beneficial to the long-term development of the Group.

CHANGE IN INFORMATION OF DIRECTOR

Pursuant to Rule 13.51B(1) of the Listing Rules, change in the information of Director of the Company required to be disclosed is shown as follow:

Mr Lee Cheung Yuet, Horace resigned as an executive director of Aurum Pacific (China) Group Limited (a company listed on the Stock Exchange) with effect from 1 April 2019. He has been appointed as an independent non-executive director of Asia Television Holdings Limited (a company listed on the Stock Exchange) with effect from 28 February 2020.

AUDITOR

ZHONGHUI ANDA CPA Limited will retire at the conclusion of the forthcoming annual general meeting of the Company (the "AGM"), and being eligible, offer themselves for re-appointment.

A resolution will be proposed at the forthcoming AGM to re-appoint ZHONGHUI ANDA CPA Limited as auditor of the Company.

On behalf of the Board

Yeung Yung
Chairman

Hong Kong, 28 May 2020

* For identification purpose only

與僱員、客戶及供應商之關係

本公司致力維持本集團之正面形象，並在其持份者、僱員、客戶、供應商及其他業務夥伴間建立信任與忠誠。董事會認為，本公司一直與其持份者、僱員、主要客戶、供應商及其他業務夥伴維持良好關係，此舉有利於本集團之長遠發展。

董事資料變動

根據上市規則第13.51B(1)條，須予披露之本公司董事資料變動如下：

李暢悅先生已辭任奧栢中國集團有限公司（一間於聯交所上市的公司）之執行董事，自二零一九年四月一日起生效。彼已獲委任為亞洲電視控股有限公司（一間於聯交所上市的公司）之獨立非執行董事，自二零二零年二月二十八日起生效。

核數師

中匯安達會計師事務所有限公司將於本公司應屆股東週年大會（「股東週年大會」）結束時退任，惟其符合資格並願獲續聘。

本公司將於應屆股東週年大會上提呈一項決議案，以續聘中匯安達會計師事務所有限公司為本公司之核數師。

代表董事會

仰融
主席

香港，二零二零年五月二十八日

Corporate Governance Report

企業管治報告書

CORPORATE GOVERNANCE PRACTICES

The board of directors (the “**Directors**” or the “**Board**”) of the Company (together with its subsidiaries, the “**Group**”) is committed to maintaining high standards of corporate governance to ensure better transparency and protection of the overall interests of the Company and its shareholders and to enhance corporate value and accountability. The Company wishes to highlight that the Board will continue to devote efforts in ensuring effective leadership and control of the Company and the transparency and accountability of all operations.

Throughout the year ended 31 December 2019 (the “**Year**”), the Company had applied the principles and complied with the code provisions (the “**Code Provisions**”) set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

BOARD OF DIRECTORS

Board

The Board is accountable to the shareholders of the Company for leadership and control of the Company and is collectively responsible for promoting the success of the Company and its businesses by directing and supervising the Company’s affairs. The Board focuses on overall corporate strategies and policies with emphasis on the business growth and financial performance of the Group.

The Board has determined that certain matters such as strategic planning, significant transactions, and budget should be retained for the Board’s approval. It has formalized the functions reserved to the Board to achieve a clear division of responsibilities between the Board and the senior management of the Group. The Board has delegated its responsibilities to the senior management to deal with day-to-day operations and reviewed those arrangements on a periodic basis. The senior management has frequently reported back to the Board and obtained prior approval before making decisions for key matters or entering into any commitments on behalf of the Company.

企業管治常規

本公司(連同其附屬公司為「**本集團**»)董事會(「**董事**」或「**董事會**»)致力維持高水平之企業管治,以確保達到更高透明度及更有效保障本公司及其股東整體之利益,同時提升企業價值及問責性。本公司謹此強調,董事會將繼續致力確保本公司之領導及監控行之有效,並維持所有業務之透明度及問責性。

於截至二零一九年十二月三十一日止年度(「**本年度**»)整個年度內,本公司一直採用並遵守香港聯合交易所有限公司證券上市規則(「**上市規則**»)附錄十四所載企業管治守則內之原則及守則條文(「**守則條文**»)。

董事會

董事會

董事會就領導及監控本公司向本公司股東負責,並且透過帶領及監管本公司之事務,共同負責促進本公司及其業務之成功。董事會專注於整體企業策略及政策,尤其關注本集團之業務增長及財務表現。

董事會已決定策略規劃、重大交易及預算等若干事項須留待董事會審批。董事會已正式制定董事會保留之職能,以明確區分董事會與本集團高級管理層之間的職責分工。董事會已將其處理日常營運事宜之職責授予高級管理層,並定期檢討該等安排。高級管理層經常向董事會匯報,並於作出有關主要事項之決策或代表本公司訂立任何承擔之前須取得事先批准。

Corporate Governance Report

企業管治報告書

The Board is also responsible for performing the corporate governance functions of the Company with clear written terms of reference. The Board had reviewed the Company's policies and practices on corporate governance, compliance with legal and regulatory requirements, training and continuous professional development of its directors and senior management and this corporate governance report in the discharge of its corporate governance functions and to ensure compliance with the Listing Rules.

In order to maximize the effectiveness of the Board and to encourage active participation and contribution from Board members, the Board has established three Committees (namely the Audit Committee, the Nomination Committee and the Remuneration Committee) (the "**Committee(s)**"), each with specific written terms of reference (which are of no less exacting terms than those set out in the Corporate Governance Code) to assist in the execution of their duties. The terms of reference of each of the Committees are reviewed and amended (if necessary) from time to time, as are the Committees' structure, duties and composition so as to best suit the needs of, and foster corporate governance excellence in, the Company.

The Company Secretary and the external auditor engaged by the Company shall attend the annual general meeting (the "**AGM**") of the Company and, as far as possible, all other meetings of the Board and the committees of the Board to answer questions and advise on corporate governance, statutory compliance, accounting and financial matters. The Company Secretary is an employee of the Company and is appointed by the Board. All Directors have access to the Company Secretary who is responsible for facilitating the Board's processes, liaison among members of the Board and the Group's compliance with the continuing obligations under the Listing Rules, the Codes on Takeovers and Mergers and Share Buy-backs, the Companies Ordinance, the Securities and Futures Ordinance and other laws, rules and regulations applicable to the Group. During the Year, the Company Secretary had undertaken at least 15 hours of relevant professional training annually to update his skills and knowledge.

All Directors are encouraged to propose and include items in the agenda of each of the meetings of the Board and the Committees for full discussion and deliberation. The Company Secretary is delegated with the responsibility to prepare the agenda and, where appropriate, take into account any matters proposed by any Director/Committee member for inclusion in the agenda.

董事會亦負責根據明確的書面職權範圍履行本公司之企業管治職能。為履行其企業管治職能及確保遵守上市規則，董事會已審閱本公司有關企業管治、遵守法律及監管規定、其董事及高級管理人員之培訓及持續專業發展方面之政策及常規，以及本企業管治報告書。

為提高董事會之效率以及鼓勵董事會成員積極參與及作出貢獻，董事會已成立三個委員會（即審核委員會、提名委員會及薪酬委員會）（「**委員會**」），並列明各委員會之特定書面職權範圍（有關條款並不較企業管治守則所載者寬鬆），協助委員會執行職務。各委員會之職權範圍、架構、職責及構成不時作出檢討及修訂（如必要），以充份滿足本公司需要及實現卓越企業管治。

公司秘書及本公司委聘之外部核數師須出席本公司股東週年大會（「**股東週年大會**」）並須盡可能出席所有其他董事會及董事委員會會議，以回答提問並就企業管治、法律合規、會計及財務等事宜提供意見。公司秘書為本公司之僱員，並由董事會委任。全體董事均可聯絡公司秘書，而公司秘書則負責協助董事會運作、董事會成員之間的溝通，以及本集團遵守上市規則、公司收購、合併及股份回購守則、公司條例、證券及期貨條例及其他適用於本集團之法律、規則及法規所載之持續責任。於本年度內，公司秘書已進行至少15個小時相關年度專業培訓以更新其技能及知識。

本公司鼓勵全體董事就董事會及委員會各會議之議程提出建議及加插項目，以於會議上作全面討論及深入探討。公司秘書須負責編製會議議程，並（如適合）考慮任何董事／委員會成員所提出之事項，以便載入議程內。

Corporate Governance Report

企業管治報告書

The Board meets regularly and at least four Board meetings are scheduled annually at approximately quarterly intervals. Ad-hoc meetings are convened whenever necessary.

Due notice of Board meetings are given to or, depending on the circumstances, urgency and/or importance of the matters, agreed to be shortened or waived by all the Directors. Even though the Directors often stay/travel in different time zones, they endeavour to make themselves available for, and participate in the meetings to the extent possible via teleconferencing mechanisms or other electronic means.

Minutes of the Board/Committee meetings are recorded in details for the matters considered by the participants of such meetings and decisions reached, including concerns raised by Directors and/or dissenting views expressed. The meeting minutes are circulated to the Directors or Committee members within a reasonable period of time after the meetings are held and taken as the true records of the proceedings of such meetings. They are kept by the Company Secretary and are open for inspection at any reasonable time upon reasonable notice being served by any Director. All Directors are entitled to have access to Board papers and related materials at least 3 days before the intended date of a Board or Board committee meeting unless there are restrictions on disclosure due to legal and regulatory requirements or other justifiable grounds.

Directors are provided with complete, adequate explanation and information to enable them to make an informed decision or assessment of the Group's performance, position and prospects and to discharge their duties and responsibilities on a timely basis. To enable the Directors to properly discharge their duties, they are given access to independent professional advisers, when necessary, at the expense of the Company.

Whenever a member of the Board or member of a committee of the Board has cause to believe that a matter to be voted upon would involve him in a conflict or possible conflict of interest, he is required to disclose the conflict of interest and is not allowed to participate in the final deliberation or decision and will abstain from voting on such matter.

董事會定期舉行會議，每年安排不少於四次董事會會議，約每季舉行一次。董事會亦於必要時召開特別會議。

召開董事會會議前會先發出適當通知，或視乎實際情況、事項之緊急程度及／或重要性，由全體董事同意縮短或豁免通知期。儘管董事經常身處／往來不同時區，彼等盡量透過電話會議機制或其他電子方式參與會議。

董事會／委員會會議之會議紀錄均詳盡記錄該等會議的參與人士所考慮之事項及所達致之決定，包括董事所提出之關注事項及／或所表達之不同意見。會議紀錄於會議舉行後一段合理時間內供董事或委員會成員傳閱，並作為該等會議議事程序之真確紀錄。該等紀錄由公司秘書存置，並可供任何董事在發出合理通知後於任何合理時間內查閱。除非法律及監管規定對有關披露施加限制，或基於其他合理原因，否則所有董事均有權在建議召開董事會或董事委員會會議之日起計至少三天前，取得董事會文件及相關資料。

董事獲提供完整及足夠之解釋及資料，以便彼等適時就本集團之表現、狀況及前景作出知情決定或評估，並履行彼等之職務及責任。為使董事能夠妥善履行彼等之職務，彼等可於有需要時諮詢獨立專業顧問，有關費用由本公司支付。

董事會或董事委員會之成員如有理由相信將進行表決之事項會導致其涉及利益衝突或潛在利益衝突，則須披露有關利益衝突，以及不得參與有關事項之最終商議或決定，並須就此放棄表決。

Corporate Governance Report

企業管治報告書

Attendance Records of Board/General Meetings

The Board had held four meetings during the year ended 31 December 2019.

Details of the attendance of individual Director at general meetings (including annual general meeting) and Board meetings during the Year are set out below:

董事會會議／股東大會出席紀錄

董事會於截至二零一九年十二月三十一日止年度共舉行四次會議。

各董事於本年度內出席股東大會（包括股東週年大會）及董事會會議之詳情載列如下：

| Name of Member | | Number of general meetings attended 出席股東大會之次數 | Number of Board meetings attended 出席董事會會議之次數 |
|--|------------------------|--|---|
| Executive Directors | | | |
| <i>Executive Directors</i> | | | |
| Dr Yeung Yung | 仰融博士 | 1/1 | 3/4 |
| Dr Huang Chunhua | 黃春華博士 | 1/1 | 2/4 |
| Dr Wang Chuantao | 王川濤博士 | 1/1 | 3/4 |
| Mr Liu Stephen Quan | 劉泉先生 | 0/1 | 1/4 |
| Dr Zhu Shengliang | 朱勝良博士 | 0/1 | 4/4 |
| Mr Li Zhengshan | 李正山先生 | 1/1 | 3/4 |
| Mr Ting Kwok Kit, Johnny | 丁國傑先生 | 1/1 | 4/4 |
| Mr Chen Xiao | 陳曉先生 | 1/1 | 3/4 |
| Mr Xu Jianguo (resigned on 1 August 2019) | 徐建國先生 (於二零一九年八月一日辭任) | 1/1 | 1/4 ^(a) |
| Mr Hui Wing Sang, Wilson (resigned on 2 September 2019) | 許永生先生 (於二零一九年九月二日辭任) | 1/1 | 2/4 ^(b) |
| <i>Non-executive Director</i> | | | |
| Dr Xia Tingkang, Tim | 夏廷康博士 | 1/1 | 3/4 |
| <i>Independent Non-Executive Directors</i> | | | |
| <i>Independent Non-Executive Directors</i> | | | |
| Dr Zhu Guobin | 朱國斌博士 | 1/1 | 3/4 |
| Mr Cheng Tat Wa | 鄭達華先生 | 1/1 | 4/4 |
| Dr Li Jianyong | 李建勇博士 | 1/1 | 3/4 |
| Mr Chan Sin Hang | 陳善衡先生 | 1/1 | 4/4 |
| Mr Lee Cheung Yuet, Horace | 李暢悅先生 | 1/1 | 4/4 |
| Dr Song Jian (resigned on 31 December 2019) | 宋健博士 (於二零一九年十二月三十一日辭任) | 1/1 | 4/4 |

a) Mr Xu Jianguo resigned with effect from 1 August 2019 and attended one meeting before his resignation in the Year.

b) Mr Hui Wing Sang, Wilson resigned with effect from 2 September 2019 and attended two meetings before his resignation in the Year.

a) 徐建國先生於二零一九年八月一日辭任，於本年度辭任前已出席一次會議。

b) 許永生先生於二零一九年九月二日辭任，於本年度辭任前已出席兩次會議。

Corporate Governance Report

企業管治報告書

Board composition

During the Year, the Board comprised the following members (who remained in office as at 31 December 2019 unless otherwise specified below):

Name

Executive Directors

Dr Yeung Yung (*Chairman*)
Mr Feng Rui (*Chief Executive Officer*)
(*appointed on 1 January 2020*)
Dr Huang Chunhua (*Deputy Chairman*)
Dr Wang Chuantao (*Deputy Chairman*)
Mr Liu Stephen Quan
Dr Zhu Shengliang
Mr Li Zhengshan
Mr Ting Kwok Kit, Johnny
Mr Chen Xiao
Mr Xu Jianguo (*resigned on 1 August 2019*)
Mr Hui Wing Sang, Wilson (*resigned on 2 September 2019*)

Non-executive Director

Dr Xia Tingkang, Tim

Independent Non-Executive Directors

Dr Zhu Guobin
Mr Cheng Tat Wa
Dr Li Jianyong
Mr Chan Sin Hang
Mr Lee Cheung Yuet, Horace
Dr Song Jian
(*resigned on 31 December 2019*)

The biographies and other information of the current Directors are set out in the "Biographical Details of Directors and Senior Management" of this annual report. There is no financial, business, family or other material/relevant relationship among the Directors.

董事會成員組合

於本年度內，董事會包括下列成員（除下文另有指明外，有關董事於二零一九年十二月三十一日仍然在任）：

姓名

執行董事

仰融博士 (*主席*)
馮銳先生 (*行政總裁*)
(*於二零二零年一月一日獲委任*)
黃春華博士 (*副主席*)
王川濤博士 (*副主席*)
劉泉先生
朱勝良博士
李正山先生
丁國傑先生
陳曉先生
徐建國先生 (*於二零一九年八月一日辭任*)
許永生先生 (*於二零一九年九月二日辭任*)

非執行董事

夏廷康博士

獨立非執行董事

朱國斌博士
鄭達華先生
李建勇博士
陳善衡先生
李暢悅先生
宋健博士
(*於二零一九年十二月三十一日辭任*)

現任董事之履歷及其他資料載於本年報「董事及高級管理層履歷詳情」。董事之間並無財務、業務、家庭或其他重大／相關關係。

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Under bye-law 87(1) of the bye-laws of the Company (the “**Bye-laws**”), at each AGM, one-third of the Directors for the time being (or, if their number is not three or a multiple of three (3)), then the number nearest to but not less than one-third shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Accordingly, the Directors are subject to the free and absolute choice of the shareholders for re-election at the annual general meetings. Whereas under bye-law 86(2) of the Bye-laws, any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board should hold office until the next following general meeting of the Company.

By virtue of Bye-law 87(1) of the Bye-laws, (1) Dr Huang Chunhua; (2) Dr Wang Chuantao; (3) Mr Li Zhengshan; (4) Mr Cheng Tat Wa; (5) Dr Li Jianyong; and (6) Mr Chan Sin Hang had retired at the annual general meeting of the Company held on 12 June 2019 (the “**2019 AGM**”), and being eligible, offered themselves for re-election (and were re-elected) at the 2019 AGM.

The skills and expertise among the existing Directors are well-balanced with a mixture of core competencies in areas such as accounting and finance, legal, business and management, marketing strategies, business development, and scientific backgrounds.

The independent non-executive Directors (the “**INEDs**”) meet the requirements of independence under the Listing Rules so that there is a sufficient element of independence in the Board to exercise independent judgments. The Board considers that all of the INEDs are independent and the confirmation of independence pursuant to Rule 3.13 of the Listing Rules had been obtained from each of them as required by the Listing Rules.

The INEDs have the same duties of care and skill and fiduciary duties as the executive Directors.

根據本公司之公司細則（「**公司細則**」）第87(1)條之規定，於每屆股東週年大會上，當時為數三分一的董事（或如董事人數並非三(3)或三的倍數，則須為最接近但不少於三分一的董事人數）均須輪值退任，惟每名董事（包括獲委任有特定任期的該等董事）須遵守至少每三年輪值退任一次。因此，董事於股東週年大會上膺選連任成功與否由股東自行全權決定。與此同時，根據公司細則第86(2)條，獲董事會委任以填補臨時空缺或出任現時董事會新增董事席位的任何董事的任期應直至本公司下次股東大會為止。

按照公司細則第87(1)條，(1)黃春華博士；(2)王川濤博士；(3)李正山先生；(4)鄭達華先生；(5)李建勇博士；及(6)陳善衡先生將已於本公司在二零一九年六月十二日舉行之股東週年大會（「**二零一九年股東週年大會**」）上退任，且符合資格並願意（及已經）於二零一九年股東週年大會上接受重選。

現任董事之間在技能及專業知識上取得良好平衡，當中結合會計及財務、法律、商業及管理、市場推廣策略、業務發展及科學背景等各方面之核心專業知識。

獨立非執行董事符合上市規則下有關獨立性之規定，以使董事會具有足夠的獨立元素，足以作出獨立判斷。董事會認為全體獨立非執行董事均屬獨立，並已按上市規則之規定收到彼等各自根據上市規則第3.13條發出之獨立性確認書。

獨立非執行董事與執行董事須同樣以嚴謹態度和技巧行事及承擔受信責任。

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The functions of INEDs include, but not limited to:

- participating in Board meetings to bring an independent judgment to bear on issues of corporate strategy, corporate performance, accountability, resources, key appointments and standard of conducts;
- taking the lead where potential conflicts of interests arise;
- serving as member of and actively participating on matters delegated by the Board to the committee(s) established by the Board, if invited;
- attending general meetings of the Company and developing a balanced understanding of the views of shareholders; and
- scrutinizing the Group's performance in achieving agreed corporate goals and objectives and monitoring the reporting of performance.

Chairman, Deputy Chairmen and CEO

As at 31 December 2019, the Chairman of the Company was Dr Yeung Yung. The Deputy Chairmen of the Company were Dr Huang Chunhua and Dr Wang Chuantao. Mr Feng Rui was appointed as the Chief Executive Officer ("CEO") of the Company on 1 January 2020.

The Chairman of the Company provides leadership to the Board so that the Board works effectively and discharges its responsibilities and that all key and appropriate issues are discussed by the Board in a timely manner.

The Deputy Chairmen of the Company assist the Chairman of the Company in carrying out his duties.

The position of CEO is vested with executive responsibilities over the business directions and operational decisions of the management and performance of the Group.

The Chairman of the Company also seeks to ensure that all Directors are properly briefed on issues raised at Board meetings and receive adequate and reliable information in a timely manner.

獨立非執行董事之職能包括但不限於：

- 參加董事會會議，就公司策略、公司表現、問責性、資源、重要任命及操守準則等事項作出獨立判斷；
- 在出現潛在利益衝突時擔當主導角色；
- 在獲邀請時擔任由董事會所成立的董事委員會之成員，積極參與由董事會向委員會轉授之事宜；
- 出席本公司股東大會，以及公正地了解股東之見解；及
- 詳細審查本集團之表現是否達到既定企業目標和目的，並監察匯報業績情況。

主席、副主席及行政總裁

於二零一九年十二月三十一日，本公司之主席為仰融博士。本公司之副主席為黃春華博士及王川濤博士。馮銳先生於二零二零年一月一日獲委任為本公司之行政總裁（「**行政總裁**」）。

本公司之主席負責帶領董事會，以確保董事會有效運作並履行其責任，且所有重要及適當事宜均由董事會適時討論。

本公司之副主席負責協助本公司之主席履行其職務。

行政總裁就本集團之業務方向以及有關管理及表現之營運決定肩負行政責任。

本公司之主席亦力求確保全體董事均可於董事會會議上就所提出問題獲得適當簡報，以及適時收到充分及可靠之資料。

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Appointment, Re-election, Retirement and Removal

It is the Board's responsibility to select and appoint individuals with integrity, experience and calibre to act as directors of the Company. The Board reviews the profiles of the candidates and seek recommendations from the Nomination Committee of the Board on the appointment, re-election, retirement and removal of directors.

All Directors are subject to rotation at least once in every three years as required by the Bye-laws. Each Director is briefed and updated to ensure that he has a proper understanding of the operations and business of the Group and that he acquaints himself with the common law duties and responsibilities of acting as a director for a listed company and familiarise himself with the applicable laws and regulations (including without limitation, the Listing Rules, the Companies Ordinance, the Securities and Futures Ordinance, and the governance policies of the Company).

Each of the non-executive Directors (including INEDs) is appointed for an initial term of not more than two years commencing from his date of appointment and is renewable successively for a term of one year until terminated by either party by giving not less than one month's prior written notice to the other and is subject to retirement by rotation and re-election by shareholders at annual general meeting in accordance with the Bye-laws. Every Director shall ensure that he can contribute sufficient time and effort to the corporate affairs of the Company once he accepts the appointment.

Inside information

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited.

Committees

The Board has established the Audit Committee, the Nomination Committee and the Remuneration Committee with specific terms of reference (which are of no less exacting terms than those set out in the Corporate Governance Code) to enable each of the Committees to discharge its functions properly.

委任、重選、退任及罷免

董事會負責甄選及委任具誠信、富經驗及有才幹之人士擔任本公司之董事。董事會審閱候選人之履歷及就董事之委任、重選、退任及罷免尋求董事會轄下提名委員會之建議。

根據公司細則之規定，全體董事均須遵守至少每三年輪值退任一次。各董事亦獲簡要提示及更新最新資料，以確保其妥為了解本集團運作及業務，並知悉其作為上市公司董事在普通法下負有之職責及責任，以及熟悉適用法律及法規（包括但不限於上市規則、公司條例、證券及期貨條例及本公司之管治政策）。

各非執行董事（包括獨立非執行董事）之委任年期由其獲委任之日起計初步為期不超過兩年，並可於其後不斷重續，每次續期一年，直至任何一方向另一方發出不少於一個月之事先書面通知終止為止。非執行董事須根據公司細則於股東週年大會上輪值退任及由股東重選連任。於接納有關委任後，每位董事均須確保其可為本公司之公司事務投入足夠時間及精力。

內幕消息

本公司已制訂披露政策，為本公司之董事、高級人員、高級管理層以及相關僱員處理機密資料、監察資料披露及回應查詢提供一般指引。本公司亦已實行監控程序，確保嚴格禁止未授權接觸並使用內幕消息。

委員會

董事會已成立審核委員會、提名委員會及薪酬委員會，並列明各委員會之特定職權範圍（有關條款並不較企業管治守則所載者寬鬆），協助各委員會妥善執行職務。

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Audit Committee

The Audit Committee is responsible for reviewing financial statements and internal control system of the Group. It also provides advice on the financial and accounting policies of the Group.

As at 31 December 2019, the Audit Committee comprised three independent non-executive Directors (namely Mr Cheng Tat Wa, Mr Chan Sin Hang and Mr Lee Cheung Yuet, Horace), and the chairman of the Audit Committee as at the date of this report was Mr Cheng Tat Wa.

Two meetings of the Audit Committee were held for the year ended 31 December 2019. The individual attendance of each member is set out below:

| Name of Member | 成員姓名 | Number of meetings attended 出席會議次數 |
|-----------------------------|-------|---------------------------------------|
| Mr Cheng Tat Wa | 鄭達華先生 | 2/2 |
| Mr Chan Sin Hang | 陳善衡先生 | 2/2 |
| Mr. Lee Cheung Yuet, Horace | 李暢悅先生 | 2/2 |

During the Year, the Audit Committee performed the following work:

- Reviewed with the management the Group's annual and interim results and draft consolidated financial statements for the year ended 31 December 2018 and for the six months ended 30 June 2019 respectively
- Reviewed with the management the Group's financial reporting and auditing matters, the risk management and internal control systems of the Group and their adequacy and effectiveness
- Reviewed and discussed with independent external auditor of the Company significant audit findings
- Reviewed the qualified audit opinion of the independent external auditor on the Group's consolidated financial statements for the year ended 31 December 2018 and assessed the position and views of the management of the Group towards the qualified audit opinion and its impact or possible impact on the financial position of the Group;

審核委員會

審核委員會負責審閱本集團之財務報表及內部監控系統，以及就本集團之財政及會計政策提供意見。

於二零一九年十二月三十一日，審核委員會由三名獨立非執行董事（即鄭達華先生、陳善衡先生及李暢悅先生）組成，而於本報告日期，審核委員會之主席為鄭達華先生。

審核委員會於截至二零一九年十二月三十一日止年度共舉行兩次會議。各成員之出席率載列如下：

審核委員會已於本年度內執行下列工作：

- 與管理層分別審閱本集團截至二零一八年十二月三十一日止年度及截至二零一九年六月三十日止六個月之全年及中期業績及綜合財務報表草稿
- 與管理層審閱本集團之財務匯報及核數事宜、風險管理及內部監控系統以及該等系統是否充足及有效
- 審閱及與本公司獨立外部核數師討論重大核數結果
- 審閱獨立外部核數師就本集團截至二零一八年十二月三十一日止年度之綜合財務報表所發出之保留審計意見，並評估本集團管理層對保留審計意見之立場及見解以及其對本集團財務狀況產生之影響或可能影響；

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- Recommended to the Board the re-appointment of the independent external auditor of the Company for shareholders' approval
- Carried out such other duties as set out in the Corporate Governance Code which included the review of the independence and objectivity of the external auditor, the nature and scope of the audit and reporting obligations, as well as the terms of their engagement. The Audit Committee was satisfied with the outcome of their review, and the Board shared the same views of the Audit Committee.
- 向董事會提出重新委任本公司獨立外部核數師的建議供股東批准
- 履行企業管治守則所載其他職務，包括檢討外部核數師之獨立性及客觀性、核數及申報義務之性質及範圍，以及其委聘條款。審核委員會對檢討結果滿意，董事會與審核委員會持相同見解。

The Company Secretary keeps the minutes of the Audit Committee. Draft and final versions have been sent to all members of the Audit Committee within a reasonable time after the meeting for their comments and records respectively.

The terms of reference of the Audit Committee are available on both the websites of the Stock Exchange and the Company.

Directors' Responsibility for the Consolidated Financial Statements

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements for the Year, which give a true and fair view of the state of affairs of the Company and the Group's results and cash flows for the year then ended and were properly prepared on a going concern basis in accordance with the applicable statutory requirements and accounting standards.

Auditor's Responsibility in the Independent Auditor's Report

ZHONGHUI ANDA CPA Limited (the "**Auditor**"), the independent external auditor, has also stated its reporting responsibility in the independent auditor's report of the consolidated financial statements for the Year.

Material uncertainty related to going concern expressed by the Auditor

The Auditor has expressed a disclaimer of opinion on the consolidated financial statements of the Group for the Year (as set out in the Independent Auditor's Report) related to, among other matters, a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and its basis, which is reproduced below:

審核委員會之會議紀錄由公司秘書存置。會議紀錄之草稿及最終稿於會議結束後一段合理時間內供全體審核委員會成員傳閱，以分別供彼等提出意見及作記錄。

審核委員會之職權範圍可於聯交所及本公司網站查閱。

董事就綜合財務報表須承擔之責任

董事對編製本年度之綜合財務報表負責，綜合財務報表真實而中肯地反映本公司之財務狀況以及本集團於截至該日止年度之業績及現金流量，已按照適用法定規定及會計準則按持續經營基準編製。

核數師於獨立核數師報告之責任

獨立外部核數師中匯安達會計師事務所有限公司（「**核數師**」）亦已於本年度之綜合財務報表之獨立核數師報告內表明其申報責任。

核數師表示有關持續經營之重大不確定因素

核數師已表示不會就本集團本年度之綜合財務報表發表意見（誠如獨立核數師報告所載），涉及（其中包括）可能對本集團持續經營之能力構成重大疑問之重大不確定因素以及有關基礎，現轉載如下：

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“Material uncertainty related to going concern

We draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss of HK\$643,846,000 and operating cash out flow of HK\$30,956,000 for the year ended 31 December 2019. These conditions indicate a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the major shareholder has agreed to provide adequate funds for the Group to meet its liabilities as they fall due. The consolidated financial statements do not include any adjustments that would result from the failure to obtain the financial support. We consider that the material uncertainty has been adequately disclosed in the consolidated financial statements.

However, we were unable to obtain sufficient and appropriate audit evidence to satisfy ourselves as to the validity of the financial support from the major shareholder as described above. There are no other satisfactory audit procedures that we could adopt to determine whether the major shareholder has the financial ability to honour the financial support to the Group. We disclaim our opinion in respect of the material uncertainty relating to the going concern basis.”

Directors’ Position on the material uncertainty related to going concern

The Directors consider from time to time all possible financial alternatives (including but not limited to equity financing, debt financing, rights issue, open offer or bank borrowings) to alleviate the Group’s liquidity pressure and improve its overall financial position.

As disclosed in the Company’s announcement dated 24 April 2020, the Company entered into a shareholder’s loan agreement with Dr Yeung Yung (“**Dr Yeung**” or the “**major shareholder**”), a substantial shareholder, one of the executive Directors and the chairman of the Group, on 24 April 2020 pursuant to which Dr Yeung has agreed to make available to the Company a shareholder’s loan, which is interest free and unsecured, up to the principal amount of HK\$160,000,000 (the “**Shareholder’s Loan**”) by 31 May 2020 to finance the working capital requirement of the Group. The Shareholder’s Loan, in full, has been made available by the major shareholder for use by the Group as agreed. The Directors (excluding Dr Yeung) has confidence in the major shareholder’s continued commitment and support towards the Group, and believe that the major shareholder is ready, willing and capable to offer such other assistance (financial or otherwise) to the Group to enhance its financial flexibility and capability as and when the circumstances arise.

「有關持續經營之重大不確定因素

敬請注意綜合財務報表附註2，當中提及 貴集團截至二零一九年十二月三十一日止年度產生虧損643,846,000港元及經營現金流出30,956,000港元。該等情況顯示存在重大不確定因素，可能對 貴集團持續經營之能力構成重大疑問。綜合財務報表已按持續經營基準編製，其有效性取決於主要股東已同意提供足夠資金供 貴集團應付到期應付負債。綜合財務報表並不包括無法取得財政支持所導致之任何調整。吾等認為重大不確定因素已於綜合財務報表充分披露。

然而，吾等未能取得充分適當之審核憑證，令吾等信納上述主要股東之財政支持是否有效。並無其他吾等可採納之令人滿意審核程序以釐定主要股東是否有財政能力履行對 貴集團之財政支持。吾等無法就持續經營之重大不確定因素表示意見。」

董事對有關持續經營之重大不確定因素之立場

董事不時考慮所有可能融資方案，以減輕本集團之流動資金壓力及改善整體財務狀況，包括但不限於股本融資、債務融資、供股、公開發售或銀行借貸。

誠如本公司日期為二零二零年四月二十四日之公佈所披露，本公司與仰融博士（「**仰博士**」或「**主要股東**」）（本集團之主要股東、其中一名執行董事兼主席）於二零二零年四月二十四日訂立股東貸款協議，據此，仰博士同意於二零二零年五月三十一日或之前向本公司提供免息及無抵押股東貸款，本金額最高為160,000,000港元（「**股東貸款**」），為本集團之營運資金需要提供資金。主要股東已按照協定提供全數股東貸款以供本集團使用。董事會（仰博士除外）對主要股東對本集團之持續承諾及鼎力支持充滿信心，並相信主要股東已作好準備、願意且有能力的於有需要時向本集團提供其他支持（財政或其他），藉以提升本集團之財政靈活性及實力。

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Further, it has always been the Company's strategy to continue to explore proactively fund raising opportunities and collaborations with potential business partners and investors to develop the business of the Group. The Group may establish joint venture(s) or other form of alliance with business partners or potential strategic investors of the Group where (a) the Group may contribute its expertise and intangible assets (such as intellectual property rights owned by the Group) and (b) the potential business partners or investors may contribute working capital to allow each party to fully leverage on each other's capabilities.

As at the date of this report, a number of business partners and investors, including but not limited to, governmental authorities in the PRC, manufacturers in the automobile industry and institutional investors, had expressed interest in the business or investment opportunities with the Group.

The Company will make further announcement(s) and comply with the applicable requirements of the Listing Rules if and when the terms of any potential fund raising opportunity or business collaboration materializes or there is any material development of the business of the Group.

Based on the above, the Directors consider that the Group will have sufficient working capital for the operation and development of its business for at least twelve months from the end of the reporting period. With the development and expansion of the Group's business, the Group's overall financial position will improve gradually. In view of the above and barring any unforeseen circumstances, it is expected that the material uncertainty related to going concern of the Group will not be carried forward to the Group's financial statements for the year ending 31 December 2020.

Audit Committee's view on the Directors' position

The members of the Audit Committee confirmed that they understood the material uncertainty related to going concern of the Group. They had considered and agreed with the Directors' position as set out above.

此外，本公司之策略一直為與潛在業務夥伴及投資者攜手積極探索集資及合作機會，從而拓展本集團業務。本集團可能會與其業務夥伴及潛在策略性投資者成立合營企業或組成其他營式之聯盟，由(a)本集團提供專業知識及無形資產（例如本集團所擁有之知識產權）；及(b)潛在業務夥伴或投資者提供營運資金，以供雙方各自充份發揮所長。

於本報告日期，已有多名業務夥伴及投資者（包括但不限於中國政府機構、汽車業製造商及機構投資者）表示對本集團之業務或投資機遇有興趣。

任何潛在集資機會或業務合作之條款一經落實，或如本集團之業務有任何重大發展，本公司將會另行發表公佈並遵守上市規則之適用規定。

基於上文所述，董事認為本集團將具備足夠營運資金於報告期末起計至少十二個月內經營及發展業務。隨着本集團業務之廣泛發展，本集團整體財務狀況將會逐步改善。基於上述各項及在並無任何不可預見情況下，預期本集團截至二零二零年十二月三十一日止年度之財務報表將不再存在有關本集團持續經營之重大不確定因素。

審核委員會對董事立場之見解

審核委員會成員確認彼等了解有關本集團持續經營之重大不確定因素。彼等已考慮並同意上文所載之董事立場。

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Auditor's Remuneration

During the Year, the fees paid/payable to the external auditor in respect of audit and non-audit services provided by the external auditor of the Group were as follows:

核數師酬金

於本年度內，就本集團外部核數師提供之審核及非審核服務已付／應付予外部核數師之費用如下：

| | | HK\$ 港元 |
|---------------------------------|--------------------|------------------|
| Audit service | 審核服務 | 1,400,000 |
| Non-audit services [#] | 非審核服務 [#] | 180,000 |
| | | <u>1,580,000</u> |

[#] The non-audit services mainly comprised review of interim financial information, professional services in relation to possible transactions and tax compliance services.

[#] 非審核服務主要包括審閱中期財務資料、有關可能交易之專業服務及稅務合規服務。

Internal Controls and Risk Management

The Board has overall responsibility for overseeing management in the design, implementation and monitoring of the risk management and internal control systems of the Group and establishing procedures to enable the Group to identify, evaluate and monitor the adequacy and effectiveness of the systems in a timely manner. During the Year, the Company had, together with the senior management of the Group and the audit committee of the Board, reviewed and evaluated the risk management and internal control systems of the Group and considered that they were adequate and remained effective.

The risk management and internal control systems, including a defined management structure with limits of authority, are designed to help achieving business objectives, safeguarding assets against unauthorised use, and maintaining proper accounting records for the provision of reliable financial information for internal use and for publication. The establishment of such systems is designed to manage the Group's risks within an acceptable risk profile, rather than to eliminate the risk of failure to achieve business objectives of the Group, and can only provide reasonable assurance but not absolute assurance against material misstatement or loss.

During the year ended 31 December 2019, the Board conducted a review of the effectiveness of the risk management and internal control systems of the Group, including financial, operational and compliance controls as well as the process used to identify, evaluate and manage significant risks faced by the Group. The Board also reviews the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting functions.

內部監控及風險管理

董事會整體上負責監督管理本集團風險管理及內部監控系統之設計、實施及監察工作，並設立程序讓本集團及時發現、評估及監察該等系統是否充足及有效。於本年度內，本公司已連同本集團高級管理層及董事會轄下之審核委員會審閱及評估本集團之風險管理及內部監控系統，並認為其屬充足及有效。

風險管理及內部監控系統（包括界定權限之管理架構）乃為協助達成業務目標、保障資產不會被未授權動用以及存置恰當會計紀錄，以提供可靠之財務資料作內部及發表之用而設。設立該等系統旨在將本集團風險控制在可接受範圍內，而無法消除不能達致本集團業務目標的風險，且僅可提供合理保證而非絕對保證不會出現重大錯誤陳述或損失。

於截至二零一九年十二月三十一日止年度，董事會已檢討本集團之風險管理及內部監控系統成效，包括財務、營運及合規監控，以及本集團所面對之重大風險的識別、評估及管理過程。董事會亦檢討本集團會計及財務申報職能之資源充裕度、員工資格及經驗、培訓計劃及預算。

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Internal Audit Function

The Group has conducted an annual review on whether there is a need for an internal audit department. Given the Group's relatively simple corporate and operation structure, as opposed to diverting resources to establish a separate internal audit department, the Board, supported by the Audit Committee, is directly responsible for risk management and internal control systems of the Group and for reviewing its effectiveness.

Remuneration Committee

The Company has set up the Remuneration Committee to ensure that there are formal and transparent procedures for formulating policies on the remuneration of the Directors and senior management. As at 31 December 2019, the Remuneration Committee comprised Dr Yeung Yung (an executive Director and the Chairman of the Board) and two independent non-executive Directors, namely, Mr Lee Cheung Yuet, Horace and Mr Cheng Tat Wa. Mr Lee Cheung Yuet, Horace was the Chairman of the Remuneration Committee.

During the Year, the Remuneration Committee determined the policy for the remuneration of executive Directors, assessed the performance of the executive Directors and approved the terms of their service contracts. The Remuneration Committee had also made recommendations to the Board regarding the Company's remuneration policy and the formulation and review of the remuneration package of all Directors and senior management of the Group for determination by the Board and considered and dealt with matters relating to appointment, retirement and re-election of Directors.

No Director is involved in deciding his own remuneration.

內部審核職能

本集團已就是否需要成立內部審核部門進行年度檢討。鑑於本集團之公司及營運架構相對簡單，董事會在審核委員會協助下直接負責處理本集團之風險管理及內部監控系統及檢討其成效，而非分散資源設立獨立之內部審核部門。

薪酬委員會

本公司已成立薪酬委員會，以確保就制定董事及高級管理層薪酬政策建立正式及透明之程序。於二零一九年十二月三十一日，薪酬委員會由仰融博士（執行董事兼董事會之主席）以及兩名獨立非執行董事李暢悅先生及鄭達華先生組成。李暢悅先生為薪酬委員會之主席。

於本年度內，薪酬委員會已釐定執行董事之薪酬政策、評估執行董事之表現及批准彼等服務合約之條款。薪酬委員會亦已就本公司之薪酬政策以及制定及檢討本集團全體董事及高級管理層之薪酬待遇向董事會提出建議以供董事會釐定，以及考慮及處理有關董事委任、退任及重選之事宜。

概無董事參與釐定其本身薪酬之決策過程。

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Details of the remuneration paid to members of the senior management of the Group (including the Directors) by band for the Year are set out below:

本年度支付予本集團高級管理層成員(包括董事)的薪酬按範圍劃分之詳情載列如下:

| Remuneration band 薪酬範圍 | | Number of senior management 高級管理層人數 |
|--------------------------------|-------------------------|--|
| Below HK\$1,000,000 | 1,000,000港元以下 | 11 |
| HK\$1,000,001 to HK\$2,500,000 | 1,000,001港元至2,500,000港元 | 6 |
| HK\$2,500,001 to HK\$4,000,000 | 2,500,001港元至4,000,000港元 | - |
| HK\$4,000,001 to HK\$5,500,000 | 4,000,001港元至5,500,000港元 | - |
| HK\$5,500,001 to HK\$7,000,000 | 5,500,001港元至7,000,000港元 | - |
| HK\$7,000,001 to HK\$8,500,000 | 7,000,001港元至8,500,000港元 | - |

Two meetings of the Remuneration Committee were held for the year ended 31 December 2019. The individual attendance of each member is set out below.

薪酬委員會於截至二零一九年十二月三十一日止年度共舉行兩次會議。各成員之出席率載列如下:

| Name of Member 成員姓名 | | Number of meetings attended 出席會議次數 |
|----------------------------|-------|---------------------------------------|
| Dr Yeung Yung | 仰融博士 | 2/2 |
| Mr Cheng Tat Wa | 鄭達華先生 | 2/2 |
| Mr Lee Cheung Yuet, Horace | 李暢悅先生 | 2/2 |

The terms of reference of the Remuneration Committee are available on both the websites of the Stock Exchange and the Company.

薪酬委員會之職權範圍可於聯交所及本公司網站查閱。

Nomination Committee

The Company has a Nomination Committee to ensure that there are fair and transparent procedures for the appointment, re-election and removal of directors to the Board. As at 31 December 2019, the Nomination Committee comprised Mr Cheng Tat Wa and Mr Lee Cheung Yuet, Horace, both being independent non-executive Directors, and Dr Yeung Yung, being the Chairman of the Board and an executive Director. Dr Yeung Yung was the Chairman of the Nomination Committee.

提名委員會

本公司已成立提名委員會，以確保委任、重選及罷免董事會董事之程序公平及透明。於二零一九年十二月三十一日，提名委員會由獨立非執行董事鄭達華先生及李暢悅先生以及董事會主席兼執行董事仰融博士組成。仰融博士為提名委員會之主席。

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Nomination Policy and Procedures

To ensure the composition of the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business, the Company has, with the recommendation of the Nomination Committee, adopted a formal, considered and transparent procedure for the selection, appointment and re-appointment (as the case may be) of Directors. The criteria to be taken into account when considering the suitability of a candidate, among other things, will be his or her ability to:

- (a) bring an independent judgment and make constructive recommendation on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conducts;
- (b) take the lead where potential conflicts of interests arise;
- (c) serve on the Audit Committee, the Remuneration Committee and/or the Nomination Committee and/or any other Board committee(s), if invited;
- (d) devote sufficient time to the Board and/or any Committee(s) on which he or she serves so as to allow them to benefit from his or her skills, expertise, and varied backgrounds and qualifications and diversity through attendance and participation in the Board and/or Committee meetings;
- (e) scrutinize the Company's performance in achieving agreed corporate goals and objectives, and monitoring the reporting of performance;
- (f) ensure the Committee(s) on which he or she serves to perform its/their powers and functions conferred on it/them by the Board; and
- (g) conform to any requirement, direction and regulation that may from time to time be prescribed by the Board or contained in the constitutional documents of the Company or imposed by legislation or the Listing Rules, where appropriate.

提名政策及程序

為確保董事會成員具備符合本公司業務要求之各種技能、經驗及多樣之觀點與角度，本公司已在提名委員會之建議下採納一項正式、周詳及透明之程序，以甄選、委任及重新委任（視情況而定）董事。於考慮候選人是否合適時所考慮之標準將為（其中包括）其能否：

- (a) 就策略、政策、表現、問責性、資源、關鍵任命及操守標準事宜作出獨立判斷及具建樹之建議；
- (b) 於出現潛在利益衝突時提供領導；
- (c) 應邀出任審核委員會、薪酬委員會及／或提名委員會及／或任何其他董事委員會職務；
- (d) 為董事會及／或任職之任何委員會投入足夠時間，透過出席並參與董事會及／或委員會會議發揮其技能、專長及廣泛背景及資歷以及多元性；
- (e) 監督本公司在達成協定企業目標及宗旨方面之表現，並監察表現報告；
- (f) 確保所任職之委員會行使董事會所轉授之權力及職能；及
- (g) 遵守董事會可能不時規定、本公司之組織章程文件所載或法例或上市規則所施加（如適用）之任何要求、方針及規定。

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If the candidate is proposed to be appointed as an independent non-executive Director (INED), his or her independence shall be assessed in accordance with, among other things, the factors as set out in Rule 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time. Where applicable, the totality of the candidate's education, qualifications and experience shall also be evaluated to consider whether he or she has the appropriate professional qualifications or accounting or related financial management expertise for filling the office of an INED with such qualifications or expertise as required under Rule 3.10(2) of the Listing Rules.

The Nomination Committee had nominated (a) Dr Huang Chunhua (executive Director), (b) Dr Wang Chuantao (executive Director), (c) Mr Li Zhengshan (executive Director), (d) Mr Cheng Tat Wa (independent non-executive Director), (e) Dr Li Jianyong (independent non-executive Director), (f) Mr Chan Sin Hang (independent non-executive Director) to the Board for the Board to make recommendation to the Shareholders for re-election at the 2019 AGM, having reviewed the composition of the Board and having regard to the proposed re-elected Directors' professional experience, skills, knowledge and/or length of service, their commitment to their respective roles and functions, and their respective contributions brought and to be brought to the Group.

On the re-appointment of the above independent non-executive Directors, the Nomination Committee considered (and the Board shared the same views), that at all times during the period of directorship with the Company, each of them had properly discharged his duties and responsibilities as an independent non-executive Director and had made positive contribution to the development to the Company through independent, constructive and informed comments and participation at the business and other affairs relating to the Group. The Nomination Committee (as well as the Board) was satisfied with the independence of these independent non-executive Directors, having regard to the independence criteria as set out in Rule 3.13 of the Listing Rules and the annual confirmation given by each of them to the Company on his independence.

Mr Cheng Tat Wa, being one of the members of the Nomination Committee, had abstained from voting at the meeting of the Nomination Committee when his own nomination was being considered.

如擬任命候選人為獨立非執行董事，則須按照（其中包括）上市規則第3.13條（可由聯交所不時修訂）所載因素評估其獨立性。如適當，亦須整體評核候選人之教育、資歷及經驗，以考慮其是否具備適當專業資格或會計及相關財務管理專長，以擔任須符合上市規則第3.10(2)條要求之資格或專長之獨立非執行董事職務。

提名委員會經考慮董事會之組成以及建議接受重選之董事之專業資歷、技能、知識及／或服務年期、彼等盡忠職守之承諾以及彼等各自對本集團現有及將來之貢獻後，已向董事會提名(a)黃春華博士（執行董事）；(b)王川濤博士（執行董事）；(c)李正山先生（執行董事）；(d)鄭達華先生（獨立非執行董事）；(e)李建勇博士（獨立非執行董事）；及(f)陳善衡先生（獨立非執行董事），以供董事會向股東推薦於二零一九年股東週年大會上接受重選。

就重新委任上述獨立非執行董事而言，提名委員會認為（且董事會亦認同）彼等於出任本公司董事期間，時刻妥善履行各自身為獨立非執行董事之職務及職責，並藉提供獨立、具建樹及知情之意見以及參與本集團業務及其他相關事務，為本公司發展作出積極貢獻。提名委員會（以及董事會）亦於參照上市規則第3.13條所載之獨立性標準及彼等各自向本公司提供之年度獨立性確認書後信納該等獨立非執行董事之獨立身份。

身為提名委員會成員之鄭達華先生，已於提名委員會會議上就其本身之提名放棄表決權。

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Three meetings of the Nomination Committee were held for the year ended 31 December 2019. The individual attendance of each member is set out below:

提名委員會於截至二零一九年十二月三十一日止年度共舉行三次會議。各成員之出席率載列如下：

| Name of Member 成員姓名 | | Number of meetings attended 出席會議次數 |
|----------------------------|-------|--|
| Dr Yeung Yung | 仰融博士 | 3/3 |
| Mr Cheng Tat Wa | 鄭達華先生 | 3/3 |
| Mr Lee Cheung Yuet, Horace | 李暢悅先生 | 3/3 |

During the Year, the Nomination Committee carried out the process of selecting and recommending to the Board candidates for directorship with reference to the diversity policy of the Company, including the candidate's professional knowledge, industry experience, personal ethics, integrity and skills, evaluated the Board's composition, assessed the independence of independent non-executive Directors and recommended the re-appointment of retiring Directors for shareholders' approval at the 2019 AGM.

於本年度內，提名委員會已參考本公司之多元化政策（包括候選人之專業知識、行業經驗、個人品格、誠信及技巧）甄選及向董事會推薦董事人選，評估董事會之成員組合，評估獨立非執行董事之獨立性，並建議重新委任退任董事，以供股東於二零一九年股東週年大會上批准。

The terms of reference of the Nomination Committee are available on both the websites of the Stock Exchange and the Company.

提名委員會之職權範圍可於聯交所及本公司網站查閱。

Continuous Professional Development

During the Year, all Directors (as named under the paragraph "Board composition" of this report) were provided by the Company with materials (including but not limited to updates on Listing Rules and guidelines on Directors' Duties) to ensure that their contribution to the Board remains informed and relevant. The Company also encouraged all Directors to participate from time to time courses which they consider relevant at the expense of the Company so as to develop and refresh their knowledge and skills for better fulfillment of their duties as directors of a listed issuer.

持續專業發展

於本年度內，全體董事（其名字列於本報告內「董事會成員組合」一段）均獲本公司提供資料（包括但不限於上市規則之最新資料及有關董事職責之指引），確保彼等在知情及相關之情況下向董事會作出貢獻。本公司亦鼓勵全體董事不時參與彼等認為相關之課程，由本公司支付費用，以便發展及更新彼等之知識及技能，更好地履行彼等作為上市發行人董事之職責。

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SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its own code of conduct regarding securities transactions by Directors. All Directors, after specific enquiries by the Company, confirmed to the Company their compliance with the required standard set out in the Model Code throughout the Year.

CHANGES IN CONSTITUTIONAL DOCUMENTS

During the Year, there were no changes in the Company’s constitutional documents.

SHAREHOLDERS’ RIGHTS AND COMMUNICATION

The Company is committed to (i) protecting the rights of Shareholders and ensuring that each Shareholder is treated equally and fairly; and (ii) reinforcing the trust placed in the Company by the Shareholders by remaining open and transparent, which objective the Company believes is the hallmark of a high quality company.

The Company attaches great importance to communication with the Shareholders. A number of means are used to promote greater understanding and dialogue with the Shareholders and the investing public.

The means of access includes without limitation the despatch to Shareholders and/or release by the Company of the various corporate communication of the Company (such as interim and annual reports, circulars, notices, financial reports, press releases and other business information) via the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://hk1188.etnet.com.hk>).

證券交易

本公司已採納上市規則附錄十所載之上市發行人董事進行證券交易的標準守則（「**標準守則**」），作為其有關董事進行證券交易之行為守則。經本公司作出具體查詢後，全體董事已向本公司確認，彼等已於本年度遵守標準守則所規定之標準。

組織章程文件變動

於本年度內，本公司之組織章程文件概無變動。

股東之權利及溝通

本公司致力(i)保障股東之權利及確保各股東獲公平及公正對待；及(ii)維持公開及透明以加強股東對本公司之信任。本公司相信以上目標乃優秀公司之特點。

本公司極為重視與股東之溝通，並利用多種渠道促進與股東和公眾投資者之了解及交流。

溝通渠道包括但不限於本公司向股東寄發及／或透過聯交所網站 (<http://www.hkexnews.hk>)及本公司網站 (<http://hk1188.etnet.com.hk>)發放各類本公司企業通訊（如中期及年度報告、通函、通告、財務報告、新聞稿及其他業務訊息）。

Corporate Governance Report

企業管治報告書

Shareholders are encouraged by the Company to attend general meetings of the Company where the Chairman of the Company and other members of the Board and (if appropriate) the auditors of the Company, are available to answer questions.

The following procedures are in place by which Shareholders may (a) convene a special general meeting (the “SGM”); (b) make proposals at Shareholders’ meeting; and (c) send enquiries to the Board to achieve the above purposes.

(a) Procedures by which Shareholders can convene a SGM

Pursuant to section 74 of the Companies Act 1981 of Bermuda (the “Companies Act”), a Shareholder or Shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company may requisition the Directors to forthwith proceed duly to convene a SGM by depositing a written requisition at the registered office of the Company. Bye-law 58 of the By-laws provides for this right as well.

The written requisition must state the purposes of the meeting (including the resolutions to be considered at the meeting), signed by the requisitionists, deposited at the registered office of the Company at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda and may consist of several documents in like form each signed by one or more requisitionists.

If the Directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a SGM, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a SGM, but any SGM so convened shall not be held after the expiration of three months from the date of deposit of the requisition.

A SGM so convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Directors.

本公司鼓勵股東出席本公司之股東大會，本公司之主席及其他董事會成員以及（如適當）本公司之核數師會在會上回答提問。

下列程序已獲採納，供股東(a)召開股東特別大會；(b)於股東大會上提出建議；及(c)向董事會作出查詢以達致上述目的。

(a) 股東召開股東特別大會之程序

根據百慕達一九八一年公司法（「**公司法**」）第74條，於遞呈要求日期持有不少於本公司當日繳足股本（附帶於本公司股東大會表決權）十分之一的一名或多名股東有權透過向本公司註冊辦事處發出書面要求，要求董事盡快正式着手召開股東特別大會。公司細則第58條亦訂明此項權利。

該書面要求必須列明大會目的（包括將於大會上考慮之決議案）、經要求人簽署及寄往本公司之註冊辦事處（地址為Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda），並可包括同樣格式並由一名或多名要求人簽署之數份文件。

倘於遞呈要求當日起計二十一天內，董事未有正式着手召開股東特別大會，則要求人或彼等當中佔彼等所有表決權一半以上之任何一位可自行召開股東特別大會，惟就此召開之任何股東特別大會不得於自遞呈要求當日起計滿三個月後舉行。

由要求人就此召開之股東特別大會須盡可能以與由董事召開大會相同之方式召開。

Corporate Governance Report

企業管治報告書

(b) Procedures for making proposals at Shareholders' meetings

Sections 79 and 80 of the Companies Act allow certain Shareholder(s) to requisition the Company to move a resolution at an annual general meeting (the "AGM") of the Company or circulate a statement at any general meeting of the Company. Under section 79 of the Companies Act, at the expense of the requisitionists unless the Company otherwise resolves, it shall be the duty of the Company on the requisition in writing by such number of Shareholders:

- (i) to give to the Shareholders entitled to receive notice of the next AGM notice of any resolution which may properly be moved and is intended to be moved at that meeting;
- (ii) to circulate to the Shareholders entitled to have notice of any general meeting sent to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting;
- (iii) the number of Shareholders necessary to make the above-mentioned requisitions to the Company shall be:
 - either any number of Shareholders representing not less than one-twentieth of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or
 - not less than one hundred Shareholders.

Notice of any such intended resolution shall be given, and any such statement shall be circulated, to Shareholders entitled to have notice of the meeting sent to them by serving a copy of the resolution or statement on each such Shareholder in any manner permitted for service of notice of the meeting, and notice of any such resolution shall be given to any other Shareholder by giving notice of the general effect of the resolution in any manner permitted for giving him notice of meeting of the Company, provided that the copy shall be served, or notice of the effect of the resolution shall be given, as the case may be, in the same manner and, so far as practicable, at the same time as notice of the meeting and, where it is not practicable for it to be served or given at that time, it shall be served or given as soon as practicable thereafter.

(b) 於股東大會上提出建議之程序

公司法第79及80條准許若干股東要求本公司於本公司之股東週年大會（「股東週年大會」）上動議決議案或於本公司之任何股東大會上傳閱聲明。根據公司法第79條，本公司有責任於有關數目之股東遞呈書面要求時作出下列事項，惟費用由要求人承擔（除非本公司另行議決）：

- (i) 向有權收取下一屆股東週年大會通告之股東發出可能於該大會上正式動議及擬動議之任何決議案通告；
- (ii) 向有權獲發任何股東大會通告之股東傳閱與於任何所提呈決議案中提述之事宜或將於該大會上處理之事務有關，而不超過一千字之任何聲明；
- (iii) 向本公司遞呈上述要求所須之股東數目應為：
 - 於遞呈要求當日佔所有有權於與該要求有關之大會上表決之股東總表決權不少於二十分之一的任何股東數目；或
 - 不少於一百名股東。

任何有關擬提呈決議案之通告及任何有關聲明均須向有權獲寄發大會通告之股東發出，該決議案或聲明之副本須以准許向其送達大會通告之任何方式送達各有關股東，並以准許向其他股東發出本公司大會通告之任何方式，向其他股東提供有關決議案大意之通告，以向其發出任何有關決議案之通告，惟送達該副本或發出有關決議案大意之通告（視情況而定）的方式，須以與大會通告相同之方式及於切實可行範圍內於與大會通告相同之時間作出，或如於該時間送達或發出並不切實可行，則須在切實可行情況下於隨後盡快送達或發出。

Corporate Governance Report

企業管治報告書

Section 80 of the Companies Act sets out the conditions to be met before the Company is bound to give any notice of resolution or to circulate any statement. Pursuant to section 80 of the Companies Act, the Company shall not be bound to give notice of any resolution or to circulate any statement as mentioned above unless:

- (i) a copy of the requisition signed by the requisitionists, or two or more copies which between them contain the signatures of all the requisitionists, is deposited at the registered office of the Company:
 - in the case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and
 - in the case of any other requisition, not less than one week before the meeting;
- (ii) there is deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expense in giving effect to the procedures regarding the giving of notice of resolution and/or circulation of statement,

Provided that if, after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Company, an AGM is called for a date six weeks or less after the copy has been deposited, the copy though not deposited within the above-mentioned time shall be deemed to have been properly deposited for the purposes thereof.

(c) Procedures for sending enquiries to the Board

Shareholders are encouraged to communicate with the Company for any enquiries in relation to the affairs of the Group. Shareholders may contact the Company in writing or by telephone or facsimile:

Address : Principal office of the Company
in Hong Kong – Suites 1407-8, 14/F.,
Great Eagle Centre, 23 Harbour Road,
Wanchai, Hong Kong

Telephone : +(852) 2530 9218

Facsimile : +(852) 2525 2002

Attention : Board of Directors/Company Secretary

公司法第80條載有本公司須於發出任何決議案通告或傳閱任何聲明之前符合之條件。根據公司法第80條，本公司並無責任按上文所述發出任何決議案通告或傳閱任何聲明，除非：

- (i) 一份由遞呈要求人簽署之要求書副本，或兩份或以上副本（該等副本載有全體遞呈要求人之簽名）已送達本公司之註冊辦事處，且：
 - 如屬要求發出決議案通告之要求書，則在有關會議前不少於六個星期；及
 - 如屬任何其他要求書，則在有關會議前不少於一個星期；
- (ii) 隨該要求書交付或呈交一筆合理且足以應付本公司為令有關發出決議案通告及／或傳閱聲明之程序生效而產生之開支，

惟倘在要求發出決議案通告之要求書副本送達本公司之註冊辦事處後，在該要求書副本送達後六個星期或較短期間內某一日召開股東週年大會，則該要求書副本雖然並非在上述時間內送達，但就此而言，亦須被視作已適當地送達。

(c) 向董事會作出查詢之程序

本公司鼓勵股東就任何有關本集團事務之查詢與本公司溝通。股東可以書面、電話或傳真方式與本公司聯繫：

地址 : 本公司於
香港之總辦事處－
香港灣仔
港灣道23號鷹君中心
14樓1407-8室

電話 : +(852) 2530 9218

傳真 : +(852) 2525 2002

收件人 : 董事會／公司秘書

Independent Auditor's Report 獨立核數師報告



To the Shareholders of Hybrid Kinetic Group Limited
(Incorporated in Bermuda with limited liability)

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Hybrid Kinetic Group Limited and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 74 to 155, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

致正道集團有限公司
(於百慕達註冊成立之有限公司)
股東

無法表示意見

吾等已獲委聘審核第74頁至第155頁所載正道集團有限公司及其附屬公司(統稱為「**貴集團**」)之綜合財務報表,包括於二零一九年十二月三十一日之綜合財務狀況表與截至該日止年度之綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表,以及綜合財務報表附註(包括主要會計政策概要)。

吾等不會就 貴集團之綜合財務報表發表意見。由於吾等報告內「無法表示意見之基礎」一節所述之事宜屬重大,故吾等未能取得充分適當之審核憑證為該等綜合財務報表之審核意見提供基礎。吾等認為,綜合財務報表在所有其他方面已遵照香港公司條例之披露規定妥為編製。

Independent Auditor's Report

獨立核數師報告

Basis for Disclaimer of Opinion

Material uncertainty related to going concern

We draw attention to note 2 to the consolidated financial statements which mentions that the Group incurred a loss of HK\$643,846,000 and operating cash out flow of HK\$30,956,000 for the year ended 31 December 2019. These conditions indicate a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the major shareholder has agreed to provide adequate funds for the Group to meet its liabilities as they fall due. The consolidated financial statements do not include any adjustments that would result from the failure to obtain the financial support. We consider that the material uncertainty has been adequately disclosed in the consolidated financial statements.

However, we were unable to obtain sufficient and appropriate audit evidence to satisfy ourselves as to the validity of the financial support from the major shareholder as described above. There are no other satisfactory audit procedures that we could adopt to determine whether the major shareholder has the financial ability to honour the financial support to the Group. We disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

Share of loss of associates and investment in associates

We have not been able to obtain sufficient and appropriate audit evidence to verify whether the Group's share of loss of associates of approximately HK\$233,719,000 for the year ended 31 December 2019 is fairly stated. We were also not able to satisfy ourselves as to (i) whether the carrying amount of investment in associates of approximately HK\$168,980,000 as at 31 December 2019 is fairly stated; and (ii) the accuracy of the disclosures in relation to the investment in associates.

無法表示意見之基礎

有關持續經營之重大不確定因素

敬請注意綜合財務報表附註2，當中提及 貴集團截至二零一九年十二月三十一日止年度產生虧損643,846,000港元及經營現金流出30,956,000港元。該等情況顯示存在重大不確定因素，可能對 貴集團持續經營之能力構成重大疑問。綜合財務報表已按持續經營基準編製，其有效性取決於主要股東已同意提供足夠資金供 貴集團應付到期應付負債。綜合財務報表並不包括無法取得財政支持所導致之任何調整。吾等認為重大不確定因素已於綜合財務報表充分披露。

然而，吾等未能取得充分適當之審核憑證，令吾等信納上述主要股東之財政支持是否有效。並無其他吾等可採納之令人滿意審核程序以釐定主要股東是否有財政能力履行對 貴集團之財政支持。吾等無法就持續經營之重大不確定因素表示意見。

應佔聯營公司之虧損及於聯營公司之投資

吾等未能取得充分適當之審核憑證，以核實是否中肯地呈列截至二零一九年十二月三十一日止年度 貴集團應佔聯營公司之虧損約233,719,000港元。吾等亦未能令吾等信納(i)於聯營公司投資於二零一九年十二月三十一日之賬面金額約168,980,000港元是否公平地呈列；及(ii)有關於聯營公司投資之披露之準確性。

Independent Auditor's Report

獨立核數師報告

Equity investments at fair value through other comprehensive income

We have not been able to obtain sufficient and appropriate audit evidence in relation to the fair value of approximately HK\$14,031,000 of an equity investment at fair value through other comprehensive income as at 31 December 2019 and the fair value loss of approximately HK\$8,664,000 of that equity investment for the year ended 31 December 2019.

In addition, as stated in note 25 to the consolidated financial statements, the Group had an other receivable amount of approximately HK\$71,010,000 as at 31 December 2019 resulting from the profits guarantee arrangement which is secured by the equity interest in the investment of the debtor. Since we have not been able to obtain sufficient and appropriate audit evidence of the fair value of such equity investment and the financial ability of the debtor, we were unable to satisfy ourselves as to the recoverability of such other receivable as at 31 December 2019.

Intangible assets

We have not been able to obtain sufficient and appropriate audit evidence in relation to the carrying amount of intangible assets of HK\$nil as at 31 December 2019 and the impairment loss of approximately HK\$62,555,000 for the year ended 31 December 2019.

Value-added tax receivables

We have not been able to obtain sufficient and appropriate audit evidence in relation to the recoverability of value-added tax receivables included in trade and other receivables of approximately HK\$15,615,000 as at 31 December 2019.

Prepayment to a supplier

We were unable to obtain direct audit confirmation in relation to the prepayment to a supplier and unable to obtain sufficient and appropriate audit evidence to ascertain whether such prepayment will be recovered. We were therefore not able to satisfy ourselves as to (i) whether the carrying amount of the prepayment to a supplier amounted to approximately HK\$332,641,000 as at 31 December 2019 and approximately HK\$333,918,000 as at 31 December 2018 are fairly stated; (ii) the recoverability of prepayment to a supplier of approximately HK\$332,641,000 as at 31 December 2019 and approximately HK\$333,918,000 as at 31 December 2018; and (iii) the existence and completeness of the disclosures of contingent liabilities in relation to the prepayment to the supplier.

按公平值計入其他全面收入之股本投資

吾等未能取得有關按公平值計入其他全面收入之股本投資於二零一九年十二月三十一日之公平值約14,031,000港元及該股本投資截至二零一九年十二月三十一日止年度之公平值虧損約8,664,000港元之充分適當審核憑證。

此外，誠如綜合財務報表附註25所述，於二零一九年十二月三十一日，貴集團有溢利保證安排產生之其他應收款約71,010,000港元，該溢利保證安排以於債務人投資之股權作抵押。由於吾等未能取得該股本投資公平值及債務人財政能力之充分適當審核憑證，故吾等未能令吾等信納該筆其他應收款於二零一九年十二月三十一日之可收回程度。

無形資產

吾等未能取得有關於二零一九年十二月三十一日之無形資產之賬面金額零港元，以及截至二零一九年十二月三十一日止年度之減值虧損約62,555,000港元之充分適當審核憑證。

應收增值稅

吾等未能取得有關於二零一九年十二月三十一日之應收貿易款項及其他應收款中之應收增值稅約15,615,000港元之收回程度之充分適當審核憑證。

預付一名供應商款項

吾等未能取得有關預付一名供應商款項之直接審核確認，亦未能取得足夠適當審核憑證確定有關預付款會否收回。因此，吾等未能令吾等信納(i)預付一名供應商款項於二零一九年十二月三十一日及二零一八年十二月三十一日之賬面金額分別約332,641,000港元及333,918,000港元是否中肯地呈列；(ii)於二零一九年十二月三十一日及二零一八年十二月三十一日之預付一名供應商款項分別約332,641,000港元及333,918,000港元之收回程度；及(iii)與預付供應商款項有關之或然負債是否存在及其披露事項是否完整。

Independent Auditor's Report

獨立核數師報告

Any adjustments to the figures as described above might have a significant consequential effect on the Group's financial performance for the years ended 31 December 2019 and 2018 and the financial positions of the Group as at 31 December 2019 and 2018, and the related disclosures thereof in the consolidated financial statements.

Responsibilities of Directors for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

任何對上述數字作出之調整可能對 貴集團截至二零一九年及二零一八年十二月三十一日止年度之財務表現及於二零一九年及二零一八年十二月三十一日之財務狀況以及綜合財務報表內其相關披露事項構成重大後續影響。

董事就綜合財務報表須承擔之責任

董事須負責按照香港會計師公會頒佈之香港財務報告準則及香港公司條例之披露規定擬備真實而中肯之綜合財務報表，並對彼等認為為使綜合財務報表之擬備不存在由於欺詐或錯誤而導致之重大錯誤陳述所需之內部控制負責。

在擬備綜合財務報表時，董事負責評估 貴集團持續經營之能力，並在適用情況下披露與持續經營有關之事項，以及使用持續經營為會計基礎，除非董事有意將 貴集團清盤或停止經營，或別無其他實際之替代方案。

Independent Auditor's Report 獨立核數師報告

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Fong Tak Ching
Audit Engagement Director
Practising Certificate Number P06353

Hong Kong, 28 May 2020

核數師就審計綜合財務報表承擔的責任

吾等之責任為按照香港會計師公會頒佈之香港核數準則就 貴集團之綜合財務報表進行審核工作並出具核數師報告。然而，鑑於吾等報告內「無法表示意見之基礎」一節所述之事宜，吾等未能就為該等綜合財務報表之審核意見提供基礎取得充分適當之審核憑證。

吾等按照香港會計師公會之專業會計師道德守則（「**守則**」）獨立於 貴集團，且吾等已經按照守則達成其他道德責任。

中匯安達會計師事務所有限公司
執業會計師
方德程
審計業務董事
執業證書號碼P06353

香港，二零二零年五月二十八日

Consolidated Statement of Profit or Loss and Other Comprehensive Income

綜合損益及其他全面收益表

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

| | | Note | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---|-------------------------|------|----------------------------------|----------------------------------|
| Revenue | 收入 | 8 | 16,342 | 61,250 |
| Cost of sales | 銷售成本 | | (3,899) | (52,931) |
| Gross profit | 毛利 | | 12,443 | 8,319 |
| Other income | 其他收入 | 9 | 21,267 | 77,959 |
| Distribution costs | 分銷成本 | | (2,907) | (8,082) |
| Administrative expenses | 行政開支 | | (439,204) | (365,437) |
| Share of loss of associates | 應佔聯營公司之虧損 | | (233,719) | (2,570) |
| Loss from operations | 經營虧損 | | (642,120) | (289,811) |
| Finance costs | 融資成本 | 11 | (1,726) | - |
| Loss before tax | 除稅前虧損 | | (643,846) | (289,811) |
| Income tax expense | 所得稅開支 | 12 | - | (18) |
| Loss for the year | 本年度虧損 | 13 | (643,846) | (289,829) |
| Other comprehensive income/ (loss): | 其他全面收入 / (虧損): | | | |
| <i>Items that will not be reclassified to profit or loss:</i> | <i>不會重新分類至損益之項目:</i> | | | |
| Fair value changes of equity investments at fair value through other comprehensive income | 按公平值計入其他全面收入之股本投資之公平值變動 | | (3,602) | (25,399) |
| <i>Items that may be reclassified to profit or loss:</i> | <i>可能重新分類至損益之項目:</i> | | | |
| Exchange differences on translating foreign operations – Group | 換算海外業務之匯兌差額 – 本集團 | | (20,001) | (20,512) |
| Exchange differences on translating foreign operations – Associates | 換算海外業務之匯兌差額 – 聯營公司 | | (4,163) | (23,931) |
| | | | (24,164) | (44,443) |
| Other comprehensive loss for the year | 本年度其他全面虧損 | | (27,766) | (69,842) |
| Total comprehensive loss for the year | 本年度全面虧損總額 | | (671,612) | (359,671) |
| Loss for the year attributable to: | 以下人士應佔本年度虧損: | | | |
| Owners of the Company | 本公司擁有人 | | (644,022) | (288,571) |
| Non-controlling interests | 非控股權益 | | 176 | (1,258) |
| | | | (643,846) | (289,829) |
| Total comprehensive loss for the year attributable to: | 以下人士應佔本年度全面虧損總額: | | | |
| Owners of the Company | 本公司擁有人 | | (671,229) | (356,395) |
| Non-controlling interests | 非控股權益 | | (383) | (3,276) |
| | | | (671,612) | (359,671) |
| Loss per share | 每股虧損 | 16 | | |
| Basic (cents per share) | 基本 (每股仙) | | (3.16) | (1.42) |
| Diluted (cents per share) | 攤薄 (每股仙) | | (3.16) | (1.42) |

Consolidated Statement of Financial Position

綜合財務狀況表

At 31 December 2019 於二零一九年十二月三十一日

| | Note 附註 | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---|------------|----------------------------------|----------------------------------|
| Non-current assets | | | |
| 非流動資產 | | | |
| Property, plant and equipment | 17 | 35,722 | 58,102 |
| Investment in associates | 18 | 168,980 | 406,862 |
| Investment in joint ventures | 19 | – | 22,772 |
| Equity investments at fair value through other comprehensive income | 20 | 14,031 | 38,423 |
| Intangible assets | 21 | – | 62,555 |
| Prepayments | 22 | – | 98,370 |
| Right-of-use assets | 23 | – | – |
| | | 218,733 | 687,084 |
| Current assets | | | |
| 流動資產 | | | |
| Inventories | 24 | 4,397 | 12,240 |
| Trade and other receivables | 25 | 477,738 | 498,054 |
| Derivative financial instrument | 26 | – | 55,018 |
| Pledged bank deposits | | 2,014 | 2,007 |
| Bank and cash balances | 27 | 8,860 | 45,815 |
| | | 493,009 | 613,134 |
| Current liabilities | | | |
| 流動負債 | | | |
| Trade and other payables | 28 | 120,492 | 61,170 |
| Lease liabilities | 29 | 13,605 | – |
| | | 134,097 | 61,170 |
| Net current assets | | 358,912 | 551,964 |
| Non-current liabilities | | | |
| 非流動負債 | | | |
| Lease liabilities | 29 | 10,169 | – |
| NET ASSETS | | 567,476 | 1,239,048 |
| Capital and reserves | | | |
| 資本及儲備 | | | |
| Share capital | 31 | 2,035,287 | 2,035,287 |
| Reserves | 32(a) | (1,497,079) | (825,850) |
| Equity attributable to owners of the Company | | 538,208 | 1,209,437 |
| Non-controlling interests | | 29,268 | 29,611 |
| TOTAL EQUITY | | 567,476 | 1,239,048 |
| 權益總額 | | | |

The consolidated financial statements on pages 74 to 155 were approved and authorised for issue by the board of directors on 28 May 2020 and are signed on its behalf by:

Approved by:

仰融
Yeung Yung
Director
董事

第74至155頁之綜合財務報表於二零二零年五月二十八日獲董事會批准及授權刊發，並由以下人士代表簽署：

由以下人士批准：

馮銳
Feng Rui
Director
董事

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

Attributable to owners of the Company
本公司擁有人應佔

| | | Share capital | Share premium | Translation reserve | Share-based payment reserve | Other reserve | Equity investment | | Total | Non-controlling interests | Total |
|--|-------------------------------|---------------|---------------|---------------------|-----------------------------|---------------|---------------------|--------------------|-----------|---------------------------|-----------|
| | | | | | | | revaluation reserve | Accumulated losses | | | |
| | | 股本 | 股份溢價 | 換算儲備 | 以股份支付之款項儲備 | 其他儲備 | 股本投資重估儲備 | 累計虧損 | 總計 | 非控股權益 | 總計 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| At 1 January 2018 | 於二零一八年一月一日 | 2,033,787 | 2,122,201 | (25,699) | 394,144 | (23,901) | (21,257) | (2,911,732) | 1,567,543 | 37,220 | 1,604,763 |
| Share issued under share option schemes | 根據購股權計劃發行股份 | 1,500 | 1,013 | - | (803) | - | - | - | 1,710 | - | 1,710 |
| Expired of share options | 購股權到期 | - | - | - | (1,820) | - | - | 1,820 | - | - | - |
| Purchase of non-controlling interests | 購買非控股權益 | - | - | - | - | - | - | - | - | (4,333) | (4,333) |
| Disposal and dissolution of associates | 出售及解散聯營公司 | - | - | (3,421) | - | - | - | - | (3,421) | - | (3,421) |
| Total comprehensive income/(loss) for the year | 本年度全面收入/(虧損)總額 | - | - | (42,425) | - | - | (25,399) | (288,571) | (356,395) | (3,276) | (359,671) |
| At 31 December 2018 | 於二零一八年十二月三十一日 | 2,035,287 | 2,123,214 | (71,545) | 391,521 | (23,901) | (46,656) | (3,198,483) | 1,209,437 | 29,611 | 1,239,048 |
| At 1 January 2019 | 於二零一九年一月一日 | 2,035,287 | 2,123,214 | (71,545) | 391,521 | (23,901) | (46,656) | (3,198,483) | 1,209,437 | 29,611 | 1,239,048 |
| Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings | 轉發出售按公平值計入其他全面收入之股本投資之收益至保留盈利 | - | - | - | - | - | (5,485) | 5,485 | - | - | - |
| Expired of share options | 購股權到期 | - | - | - | (9,998) | - | - | 9,998 | - | - | - |
| Capital injection from non-controlling interests | 非控股權益注資 | - | - | - | - | - | - | - | - | 40 | 40 |
| Total comprehensive income/(loss) for the year | 本年度全面收入/(虧損)總額 | - | - | (23,605) | - | - | (3,602) | (644,022) | (671,229) | (383) | (671,612) |
| At 31 December 2019 | 於二零一九年十二月三十一日 | 2,035,287 | 2,123,214 | (95,150) | 381,523 | (23,901) | (55,743) | (3,827,022) | 538,208 | 29,268 | 567,476 |

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--|------------------------|----------------------------------|----------------------------------|
| Cash flows from operating activities | 經營活動之現金流量 | | |
| Loss before tax | 除稅前虧損 | (643,846) | (289,811) |
| Adjustments for: | 就下列項目作出之調整： | | |
| Share of loss of associates | 應佔聯營公司虧損 | 233,719 | 2,570 |
| Interest income | 利息收入 | (40) | (2,435) |
| Finance costs | 融資成本 | 1,726 | - |
| Depreciation of property, plant and equipment | 物業、廠房及設備折舊 | 18,417 | 29,433 |
| Depreciation of right-of-use assets | 使用權資產折舊 | 15,568 | - |
| Recognition of deferred income on capital contribution to an associate | 確認向一間聯營公司注資之遞延收入 | - | (1,332) |
| Fair value gain on derivative financial instrument | 衍生金融工具公平值收益 | (18,737) | (8,616) |
| Impairment of property, plant and equipment | 物業、廠房及設備減值 | - | 6,197 |
| Impairment of intangible assets | 無形資產減值 | 62,555 | - |
| Impairment of right-of-use assets | 使用權資產減值 | 23,223 | - |
| Research & development costs | 研發成本 | 208,769 | - |
| Gain on disposal of equity investment at fair value through other comprehensive income | 出售按公平值計入其他全面收入之股本投資之收益 | (4,814) | - |
| Loss on dissolution of an associate | 解散一間聯營公司之虧損 | - | 14,123 |
| Gain on disposal of an associate | 出售一間聯營公司之收益 | - | (62,411) |
| (Gain)/loss on disposal of property, plant and equipment | 出售物業、廠房及設備之(收益)/虧損 | (1,105) | 4,997 |
| Operating loss before working capital changes | 營運資金變動前之經營虧損 | (104,565) | (307,285) |
| Change in inventories | 存貨變動 | 7,843 | 59,763 |
| Change in trade receivables | 應收貿易款項變動 | 790 | (17,095) |
| Change in other receivables, deposits and prepayments | 其他應收款、按金及預付款變動 | 5,654 | (37,593) |
| Change in finance lease receivables | 應收融資租賃款項變動 | - | 1,753 |
| Change in accruals and other payables | 應計費用及其他應付款變動 | 59,322 | (657) |
| Cash used in operations | 營運所用現金 | (30,956) | (301,114) |
| Tax paid | 已付稅項 | - | (18) |
| Net cash used in operating activities | 經營活動所用現金淨額 | (30,956) | (301,132) |

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--|-------------------------|----------------------------------|----------------------------------|
| Cash flows from investing activities | 投資活動之現金流量 | | |
| Purchase of property, plant and equipment | 購買物業、廠房及設備 | (14,079) | (31,764) |
| Proceeds from disposal of equity investment at fair value through other comprehensive income | 出售按公平值計入其他全面收入之股本投資所得款項 | 18,014 | - |
| Proceeds from disposal of property, plant and equipment | 出售物業、廠房及設備所得款項 | 15,839 | - |
| Interest received | 已收利息 | 40 | 2,435 |
| Proceeds from disposal of an associate | 出售一間聯營公司所得款項 | - | 105,150 |
| Capital injection to a subsidiary from non-controlling shareholders | 非控股股東向一間附屬公司注資 | 40 | - |
| Capital injection to a joint venture | 向一間合營企業注資 | - | (22,772) |
| Placement of pledged bank deposits | 存置已抵押銀行存款 | (7) | - |
| Net cash generated from investing activities | 投資活動所得現金淨額 | 19,847 | 53,049 |
| Cash flows from financing activities | 融資活動之現金流量 | | |
| Proceeds from share issued under share option schemes | 根據購股權計劃發行股份所得款項 | - | 1,710 |
| Interest paid | 已付利息 | (1,726) | - |
| Repayment for lease liabilities | 償還租賃負債 | (14,914) | - |
| Net cash (used in)/generated from financing activities | 融資活動(所用)/所得現金淨額 | (16,640) | 1,710 |
| Net decrease in cash and cash equivalents | 現金及現金等價物之減少淨額 | (27,749) | (246,373) |
| Cash and cash equivalents at beginning of year | 於年初之現金及現金等價物 | 45,815 | 311,781 |
| Effect of changes in foreign exchange rate | 外幣匯率變動之影響 | (9,206) | (19,593) |
| Cash and cash equivalents at end of year | 於年末之現金及現金等價物 | 8,860 | 45,815 |
| Analysis of cash and cash equivalents | 現金及現金等價物分析 | | |
| Bank and cash balances | 銀行及現金結餘 | 8,860 | 45,815 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

1. GENERAL INFORMATION

Hybrid Kinetic Group Limited was incorporated in Bermuda as an exempted company with limited liability. The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda. The address of its principal place of business is Suites 1407-8, 14th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (together referred to as the "Group") were development of high-tech electric motor vehicles, development and sales of battery management systems and spare parts and development of advanced batteries materials. The principal activities of the Company's subsidiaries are set out in note 35 to the consolidated financial statements.

2. GOING CONCERN BASIS

The Group incurred a loss of HK\$643,846,000 and operating cash out flow of HK\$30,956,000 for the year ended 31 December 2019. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of the major shareholder, at a level sufficient to finance the working capital requirements of the Group. The major shareholder has agreed to provide adequate funds for the Group to meet its liabilities as they fall due. The directors are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

1. 一般資料

正道集團有限公司為一間於百慕達註冊成立之獲豁免有限公司。其註冊辦事處地址為Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda。而其主要營業地點之地址為香港灣仔港灣道23號鷹君中心14樓1407-8室。本公司股份於香港聯合交易所有限公司(「聯交所」)主板上市。

本公司為投資控股公司。本公司及其附屬公司(統稱「本集團」)之主要業務為開發高科技電動車、開發及銷售電池管理系統及備品備件以及開發先進電池材料。本公司附屬公司之主要業務載於綜合財務報表附註35。

2. 持續經營基準

截至二零一九年十二月三十一日止年度，本集團產生虧損643,846,000港元及經營現金流出30,956,000港元。該等情況顯示存在重大不確定因素，可能對本集團持續經營之能力構成重大疑問。因此，本集團或未能於正常業務過程中變現資產及解除負債。

本綜合財務報表已按持續經營基準編製，其有效性取決於主要股東之財政支持水平是否足以為本集團之營運資金需要融資。主要股東已同意提供足夠資金供本集團應付到期應付負債。因此，董事認為按持續經營基準編製綜合財務報表誠屬恰當。倘本集團未能繼續按持續基準經營，則須對綜合財務報表作出多項調整，以將本集團之資產價值調整至可收回金額，就可能產生之任何進一步負債計提撥備，以及將非流動資產及負債分別重新分類為流動資產及負債。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2019. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current year and prior years except as stated below.

HKFRS 16 “Leases”

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 January 2019.

3. 採納新訂及經修訂香港財務報告準則

於本年度，本集團已採用所有由香港會計師公會頒佈、與其業務有關且於二零一九年一月一日開始之會計年度生效之新訂及經修訂香港財務報告準則。香港財務報告準則包括香港財務報告準則、香港會計準則及詮釋。除下述者外，採用該等新訂及經修訂香港財務報告準則並無導致本集團之會計政策、本集團財務報表之呈列方式以及本年度及過往年度之已呈報金額出現重大變動。

香港財務報告準則第16號「租賃」

本集團自二零一九年一月一日起追溯採用香港財務報告準則第16號，惟在該準則之特定過渡條文允許下，並無重列二零一八年報告期之比較數字。因此，因新租賃規則而產生之重新分類與調整只於二零一九年一月一日之年初財務狀況表確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

HKFRS 16 "Leases" (Continued)

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.7%.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease.

As a lessee, the Group's leases are mainly rentals of offices. The right-of-use assets were measured at the amount equal to the lease liability and there were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

3. 採納新訂及經修訂香港財務報告準則 (續)

香港財務報告準則第16號「租賃」(續)

於採用香港財務報告準則第16號時，本集團就以往根據香港會計準則第17號「租賃」之原則分類為「經營租賃」之租賃確認租賃負債。該等負債按以承租人於二零一九年一月一日之遞增借貸利率貼現之餘下租賃款項現值計量。於二零一九年一月一日，租賃負債所應用之承租人加權平均遞增借貸利率為4.7%。

本集團於首次應用香港財務報告準則第16號時已使用下述該準則允許之可行權宜方法：

- 對於具有合理相似特徵之租賃組合使用單一貼現率；
- 倚賴以往對於租賃是否繁重之評估；
- 於初始應用日期計量使用權資產時剔除初始直接成本；及
- 對於合約中包含續租或終止租賃選擇權之租賃，採用事後確認方式確定租期。

本集團亦選擇不於初始應用日期重新評估合約是否屬於或包含租賃。相反，本集團對於在過渡日期前訂立之合約倚賴對應用香港會計準則第17號及香港（國際財務報告詮釋委員會）－詮釋第4號「釐定安排是否包含租賃」作出之評估。

作為承租人，本集團之租賃主要為辦公室租約。使用權資產按與租賃負債相等之金額計量，且並無任何繁重租賃合約，以致須於初始應用日期對使用權資產作出調整。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

3. 採納新訂及經修訂香港財務報告準則 (續)

HKFRS 16 "Leases" (Continued)

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

香港財務報告準則第16號「租賃」(續)

於二零一九年一月一日採用香港財務報告準則第16號所產生之影響如下：

| | | 1 January 2019 二零一九年 一月一日 HK\$'000 千港元 |
|---------------------------------|---------|---|
| Increase in right-of-use assets | 使用權資產增加 | 40,682 |
| Increase in lease liabilities | 租賃負債增加 | 40,682 |

The reconciliation of operating lease commitment to lease liabilities as at 1 January 2019 is set out below:

於二零一九年一月一日之經營租賃承擔與租賃負債之對賬載列如下：

| | | HK\$'000 千港元 |
|--|--|-----------------|
| Operating lease commitment at 31 December 2018 | 於二零一八年十二月三十一日之經營租賃承擔 | 48,291 |
| Less: | 減： | |
| Commitments relating to leases with a remaining lease term ending on or before 31 December 2019 and low-value assets | 與餘下租期將在二零一九年十二月三十一日或之前結束及低價值資產之租賃相關之承擔 | (4,696) |
| Discounting | 貼現 | (2,913) |
| Lease liabilities as at 1 January 2019 | 於二零一九年一月一日之租賃負債 | 40,682 |
| Analysed as: | 分類為： | |
| Current | 流動 | 26,957 |
| Non-current | 非流動 | 13,725 |
| | | 40,682 |

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of those new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

本集團未有應用已經頒佈但尚未生效之新訂及經修訂香港財務報告準則。本集團已開始評估該等新訂及經修訂香港財務報告準則之影響，惟尚無法說明該等新訂及經修訂香港財務報告準則會否對其經營業績及財務狀況產生重大影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the equity investments at fair value through other comprehensive income and derivative financial instruments which are carried at their fair values.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 5 to the consolidated financial statements.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

4. 重大會計政策

本綜合財務報表乃按照香港財務報告準則、香港公認會計原則及聯交所證券上市規則及香港公司條例之適用披露規定編製。

本綜合財務報表乃根據歷史成本慣例編製，並就按公平值列賬之按公平值計入其他全面收入之股本投資及衍生金融工具作出修改。

編製符合香港財務報告準則之綜合財務報表時需要使用若干關鍵假設及估計，亦需要董事於應用會計政策之過程中作出判斷。涉及關鍵判斷之範疇以及涉及對本綜合財務報表屬重大之假設及估計之範疇在綜合財務報表附註5中披露。

編製本綜合財務報表時應用之重大會計政策載列如下。

綜合賬目

綜合財務報表包含本公司及其附屬公司直至十二月三十一日之財務報表。附屬公司指本集團擁有控制權之實體。當本集團可以或有權藉參與實體獲得可變回報，且有能力透過其對實體之權力影響該等回報時，本集團即控制該實體。當本集團現時擁有權利賦予其目前掌控有關活動（即大幅影響實體回報之活動）之能力時，本集團即對該實體擁有權力。

當評估控制權時，本集團會考慮其潛在表決權及其他人士持有之潛在表決權，以釐定其是否擁有控制權。僅在持有人能實際行使潛在表決權之情況下，方會考慮該權利。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 重大會計政策(續)

Consolidation (Continued)

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

綜合賬目(續)

附屬公司由其控制權轉至本集團當日起綜合入賬，並由控制權終止之日起不再綜合入賬。

出售附屬公司(導致失去控制權)之盈虧指(i)出售代價公平值加於該附屬公司保留之任何投資公平值與(ii)本公司應佔該附屬公司淨資產加與該附屬公司有關之任何餘下商譽及任何相關累計外幣換算儲備兩者間之差額。

集團內公司間之交易、結餘及未變現溢利會作對銷。未變現虧損亦會對銷，除非該項交易證明所轉讓資產出現減值。附屬公司之會計政策亦已於必要時作出調整，確保符合本集團採納之政策。

非控股權益指並非直接或間接歸屬於本公司之附屬公司權益。非控股權益於綜合財務狀況表及綜合權益變動表之權益呈列。於綜合損益及其他全面收益表內，非控股權益呈列為本年度溢利或虧損及全面收益總額在非控股股東與本公司擁有人之間之分配。

損益及其他全面收入各部分歸屬於本公司擁有人及非控股股東，即使此舉導致非控股權益出現虧絀結餘。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 重大會計政策(續)

Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

聯營公司

聯營公司為本集團對其擁有重大影響力之實體。重大影響力為參與實體財政及營運政策決定之權力，惟並非對該等政策施加控制或共同控制。於評估本集團是否擁有重大影響力時，會考慮現時可行使或可轉換之潛在表決權（包括其他實體持有之潛在表決權）是否存在及其影響。於評估潛在表決權是否意味着重大影響力時，不會考慮持有人之意向及是否有財政能力行使或轉換該權利。

於聯營公司之投資以權益法於綜合財務報表入賬，且初步按成本確認。於收購中，聯營公司之可識別資產及負債按於收購日期之公平值計量。收購成本超出本集團應佔該聯營公司可識別資產及負債公平淨值之差額列為商譽。商譽計入投資之賬面金額，且當有任何客觀證據顯示投資已減值時，會於各報告期末連同投資進行減值測試。本集團應佔可識別資產及負債公平淨值超出收購成本之任何差額於綜合損益確認。

本集團應佔聯營公司之收購後溢利或虧損於綜合損益確認，而其應佔之收購後儲備變動則於綜合儲備確認。累計收購後變動於投資之賬面金額作出調整。當本集團應佔聯營公司之虧損相等於或超出其於該聯營公司之權益（包括任何其他無抵押應收款）時，本集團不會確認進一步虧損，除非其已代表該聯營公司承擔責任或付款。倘該聯營公司其後錄得溢利，則本集團僅於其應佔溢利與未確認之應佔虧損相等後，方會繼續確認其應佔溢利。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 重大會計政策(續)

Associates (Continued)

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has joint control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

聯營公司(續)

出售聯營公司並導致喪失重大影響力之盈虧指(i)出售代價之公平值加於該聯營公司保留之任何投資之公平值與(ii)本集團應佔該聯營公司淨資產加與該聯營公司有關之任何餘下商譽及任何相關累計外幣換算儲備兩者間之差額。倘於聯營公司之投資成為於合營企業之投資，則本集團繼續應用權益法，不會重新計量保留權益。

合營安排

合營安排為兩名或以上訂約方擁有共同控制權之安排。共同控制是指按照合約協定對某項安排共享控制權，共同控制僅在當相關活動要求共同享有控制權之各訂約方作出一致同意之決定時存在。相關活動指對該安排之回報有重大影響之活動。於評估共同控制時，本集團會考慮其潛在表決權以及其他訂約方所持有之潛在表決權以釐定是否擁有共同控制權。僅在持有人能實際行使該權力之情況下，方會考慮潛在表決權。

合營安排可指合營業務或合營企業。合營業務乃為擁有該安排共同控制權之各訂約方有權享有與該安排有關之資產，及就負債承擔責任之合營安排。合營企業為擁有該安排共同控制權之各訂約方有權享有該安排之資產淨值之合營安排。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 重大會計政策(續)

Joint arrangements (Continued)

In relation to its interest in a joint operation, the Group recognises in its consolidated financial statements, its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; and its expenses, including its share of any expenses incurred jointly, in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

Investment in a joint venture is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the joint venture in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of a joint venture's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

合營安排(續)

就其於一項合營業務之權益而言，本集團根據適用於個別資產、負債、收入及開支之香港財務報告準則於綜合財務報表中確認：資產（包括應佔之任何共同持有資產）；負債（包括應佔之任何共同產生負債）；來自銷售其應佔合營業務產出之收入；其應佔來自合營業務銷售產出之收入；及開支（包括應佔之任何共同產生開支）。

於合營企業之投資以權益法於綜合財務報表入賬，且初步按成本確認。於收購中，合營企業之可識別資產及負債按於收購日期之公平值計量。收購成本超出本集團應佔該合營企業可識別資產及負債公平淨值之差額列為商譽。商譽計入投資之賬面金額，且當有任何客觀證據顯示投資已減值時，會於各報告期末連同投資進行減值測試。本集團應佔可識別資產及負債公平淨值超出收購成本之任何差額於綜合損益確認。

本集團應佔合營企業之收購後溢利或虧損於綜合損益確認，而其應佔之收購後儲備變動則於綜合儲備確認。累計收購後變動於投資之賬面金額作出調整。當本集團應佔合營企業之虧損相等於或超出其於該合營企業之權益（包括任何其他無抵押應收款）時，本集團不會確認進一步虧損，除非其已代表該合營企業承擔責任或付款。倘該合營企業其後錄得溢利，則本集團僅於其應佔溢利與未確認之應佔虧損相等後，方會繼續確認其應佔溢利。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 重大會計政策(續)

Joint arrangements (Continued)

The gain or loss on the disposal of a joint venture that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that joint venture and (ii) the Group's share of the net assets of that joint venture plus any remaining goodwill relating to that joint venture and any related accumulated foreign currency translation reserve. If an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

合營安排(續)

出售合營企業並導致喪失共同控制權之盈虧指(i)出售代價之公平值加於該合營企業保留之任何投資之公平值與(ii)本集團應佔該合營企業淨資產加與該合營企業有關之任何餘下商譽及任何相關累計外幣換算儲備兩者間之差額。倘於合營企業之投資成為於聯營公司之投資，則本集團繼續應用權益法，不會重新計量保留權益。

外幣換算

(a) 功能及呈列貨幣

本集團各實體財務報表內所包括項目利用該實體經營之主要經濟環境之貨幣(「功能貨幣」)計量。綜合財務報表以港元呈列，而港元為本公司之功能貨幣以及呈列貨幣。

(b) 各個實體之財務報表中之交易及結餘

外幣交易於初步確認時使用交易日期之通行匯率換算為功能貨幣。以外幣為單位之貨幣資產及負債按各報告期末之匯率換算。此換算政策產生之盈虧於損益內確認。

以公平值計量並以外幣計值之非貨幣項目按釐定公平值當日之匯率換算。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 重大會計政策(續)

Foreign currency translation (Continued)

(b) Transactions and balances in each entity's financial statements (Continued)

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(c) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

外幣換算(續)

(b) 各個實體之財務報表中之交易及結餘(續)

當非貨幣項目之盈虧於其他全面收益確認時，該盈虧之任何匯兌部分於其他全面收益確認。當非貨幣項目之盈虧於損益確認時，該盈虧之任何匯兌部分於損益確認。

(c) 綜合賬目時換算

功能貨幣與本公司呈列貨幣不同之所有本集團實體之業績及財務狀況按以下方法換算為本公司之呈列貨幣：

- 呈列每份財務狀況表的資產及負債以該財務狀況表日期之收市匯率換算；
- 收入及開支按平均匯率換算（除非該平均值並非交易日通行匯率累積影響之合理近似值，在此情況下，收入及開支按交易日之匯率換算）；及
- 所有因而產生之匯兌差額於外幣換算儲備確認。

於綜合賬目時，換算境外實體淨投資及借貸所產生之匯兌差額於外幣換算儲備確認。當出售境外業務時，有關匯兌差額作為出售之盈虧之一部分於綜合損益確認。

收購境外實體所產生之商譽及公平值調整被視作境外實體的資產及負債處理，並按收市匯率換算。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 重大會計政策(續)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their costs less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

| | |
|---|---|
| Leasehold improvements, fixtures and fittings | Over the expected useful lives of 5 to 10 years or over the term of lease, whichever is shorter |
| Furniture and equipment | 5 years |
| Machineries | 5 to 10 years |
| Motor vehicles | 4 to 10 years |

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

物業、廠房及設備

物業、廠房及設備按成本減累計折舊及減值虧損列賬。

只有當與資產有關之未來經濟利益有可能流入本集團，且該項目之成本能可靠地計量時，方會將其後成本計入該項資產的賬面金額或確認為獨立資產（如適用）。所有其他維修及保養於產生之期間在損益確認。

計算物業、廠房及設備折舊所用之比率足以於估計可用年期內以直線法撇銷該等項目之成本減剩餘價值。主要可用年期如下：

| | |
|----------------|----------------------------|
| 租賃物業裝修、固定裝置及配件 | 按介乎5至10年之預計可用年期或租期（以較短者為準） |
| 傢俬及設備 | 5年 |
| 機器 | 5至10年 |
| 汽車 | 4至10年 |

剩餘價值、可用年期及折舊方法於各報告期末檢討並於適當時調整。

在建工程指建造中之樓宇或有待安裝之廠房及設備，按成本減減值虧損列賬。折舊於相關資產可供使用時開始。

出售物業、廠房及設備之盈虧為出售所得款項淨額與相關資產賬面金額之差額，乃於損益確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 重大會計政策(續)

Lease

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rates are as follows:

| | |
|--------------------|-------------|
| Land and buildings | 33.3% – 50% |
|--------------------|-------------|

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US\$5,000.

租賃

本集團作為承租人

租賃於租賃資產可供本集團使用時確認為使用權資產及相應之租賃負債。使用權資產按成本減累計折舊及減值虧損列賬。使用權資產折舊於資產之可用年期及租期(以較短者為準)內以直線法撇銷其成本計量。主要年率如下:

| | |
|-------|-----------|
| 土地及樓宇 | 33.3%-50% |
|-------|-----------|

使用權資產按成本(包括租賃負債、預付租賃款項、初始直接成本及恢復成本之初始計量金額)計量。租賃負債包括按租賃中隱含之利率(如可釐定)或本集團之遞增借貸利率貼現之租賃款項淨現值。每筆租賃款項會分配為負債或融資成本。融資成本於租期內自損益扣除,為每個期間之租賃負債餘下結餘制定固定利率。

與短期租賃及低價值資產相關之付款於租期內以直線法在損益確認為開支。短期租賃為初始租期為12個月或以下之租賃。低價值資產為價值低於5,000美元之資產。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 重大會計政策(續)

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from the Group's development is recognised only if all of the following conditions are met:

- An asset is created that can be identified (such as software and new processes);
- It is probable that the asset created will generate future economic benefits; and
- The development cost of the asset can be measured reliably.

Intangible assets

Technical knowhow are classified as intangible assets. Technical knowhow have an indefinite useful life and are carried at cost less accumulated impairment losses. The technical knowhow have no foreseeable limit to the period over which the Group can use to generate net cash flows. The technical knowhow will not be amortised until their useful lives are determined to be finite. Instead they will be tested for impairment annually and whenever there is an indication that they may be impaired.

The useful life of the technical knowhow is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is account for on a prospective basis.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

研究及開發支出

研究活動支出於產生之期間確認為開支。僅於符合下列全部條件時，方會確認本集團進行開發所產生之內部產生無形資產：

- 所創造資產為可作識別(如軟件及新程序)；
- 所創造資產將可能產生未來經濟利益；及
- 資產開發成本能可靠地計量。

無形資產

技術知識分類為無形資產。技術知識之可用年期無限，按成本減累計減值虧損列賬。本集團可使用技術知識產生淨現金流量之期限並無可預見限制。於可用年期確定為有限前，技術知識不會攤銷。相反，技術知識每年及每當有任何跡象顯示已減值時進行減值測試。

技術知識之可用年期每年檢討以確定可用年期無限之評估是否繼續有理據支持。如否，則按未來適用基準將由可用年期無限變為可用年期有限之評估變動入賬。

存貨

存貨以成本值與可變現淨值中之較低者列賬。成本值採用先進先出法釐定。製成品及在製品之成本包括原材料、直接人工及所有間接生產支出之應佔部分，以及(如適當)分包費。可變現淨值為日常業務過程中之估計售價減預期完成之成本及進行銷售所需之預期成本。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 重大會計政策(續)

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

確認及取消確認金融工具

當本集團成為金融資產及金融負債合約條文之訂約方時，會於財務狀況表確認該等工具。

當從資產收取現金流之合約權利屆滿；本集團轉讓資產擁有權之絕大部分風險及回報；或本集團既無轉讓亦無保留資產擁有權之絕大部分風險及回報但未有保留對資產之控制權時，便會取消確認金融資產。於取消確認金融資產時，資產賬面金額與已收代價總和兩者間之差額會於損益確認。

當相關合約訂明之責任獲解除、取消或屆滿時，本集團會取消確認金融負債。已取消確認之金融負債之賬面金額與已付代價兩者間之差額會於損益確認。

金融資產

倘購買或出售金融資產之合約條款規定須於有關市場指定時限內交付該項資產，則該項資產按交易日基準確認及取消確認，並初步按公平值加直接應佔交易成本確認，惟按公平值計入損益之投資除外。收購按公平值計入損益之投資直接應佔之交易成本即時於損益確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 重大會計政策(續)

Financial assets (Continued)

Financial assets of the Group are classified under the following categories:

- Financial assets at amortised cost; and
- Equity investments at fair value through other comprehensive income;

(i) *Financial assets at amortised cost*

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

金融資產(續)

本集團之金融資產歸入以下類別：

- 按攤銷成本計量之金融資產；及
- 按公平值計入其他全面收入之股本投資；

(i) *按攤銷成本計量之金融資產*

倘金融資產(包括應收貿易款項及其他應收款)同時符合以下兩項條件，即歸入此類別：

- 持有資產之業務模式以藉持有資產收取合約現金流量為目的；及
- 資產之合約條款於指定日期產生純粹為本金及未償還本金利息付款之現金流量。

該等金融資產其後以實際利息法按攤銷成本計量，並就預期信貸虧損扣除虧損備抵。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 重大會計政策(續)

Financial assets (Continued)

(ii) Equity investments at fair value through other comprehensive income

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that are not held for trading as at fair value through other comprehensive income.

Equity investments at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair values recognised in other comprehensive income and accumulated in the equity investment revaluation reserve. On derecognition of an investment, the cumulative gains or losses previously accumulated in the equity investment revaluation reserve are not reclassified to profit or loss.

Dividends on these investments are recognised in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument (“lifetime expected credit losses”) for trade receivables and lease receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

金融資產(續)

(ii) 按公平值計入其他全面收入之股本投資

於初步確認時，本集團可以不可撤回地（按個別工具基準）選擇指定並非持作買賣之股本工具投資為按公平值計入其他全面收入。

按公平值計入其他全面收入之股本投資其後按公平值計量，而公平值變動產生之收益及虧損於其他全面收入確認，並於股本投資重估儲備中累積。於取消確認一項投資時，以往於股本投資重估儲備中累積之累計收益或虧損不會重新分類至損益。

除非該等投資之股息清楚代表收回部分投資成本，否則於損益確認。

就預期信貸虧損確認虧損備抵

本集團就按攤銷成本計量之金融資產之預期信貸虧損確認虧損備抵。預期信貸虧損為就相應違約風險加權之加權平均信貸虧損。

就應收貿易款項及應收租賃款項而言，或倘某項金融工具之信貸風險自初步確認以來顯著上升，則本集團於各報告期末按相等於所有可能於該項金融工具預期年期內出現之違約事件所產生之預期信貸虧損金額（「全期預期信貸虧損」）計量該項金融工具虧損備抵之金額。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 重大會計政策(續)

Loss allowances for expected credit losses (Continued)

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Derivative financial instruments

Derivatives (including contingent considerations under business combinations) are initially recognised and subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

就預期信貸虧損確認虧損備抵(續)

倘於報告期末，某項金融工具（應收貿易款項除外）之信貸風險自初步確認以來並無顯著上升，則本集團按該項金融工具之全期預期信貸虧損中可能於報告期後12個月內出現違約事件而產生預期信貸虧損之部分計量該項金融工具虧損備抵之金額。

預期信貸虧損金額或因於報告期末將虧損備抵調整至所需金額而作出之撥回於損益確認為減值收益或虧損。

衍生金融工具

衍生工具（包括業務合併中之或然代價）初步按公平值確認，其後按公平值計量，公平值變動產生的盈虧於損益確認。

現金及現金等價物

就現金流量表而言，現金及現金等價物指銀行及手頭現金、存放於銀行及其他財務機構之活期存款以及可隨時轉換為已知數額之現金且價值變動風險不高之短期高流通性投資。須按要求償還並構成本集團現金管理組成部分之銀行透支亦計入現金及現金等價物之一部分。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 重大會計政策(續)

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

金融負債及股本工具

金融負債及股本工具按所訂立合約安排之內容及香港財務報告準則中金融負債和股本工具之定義分類。股本工具為證明本集團資產於扣除其所有負債後之剩餘權益之任何合約。下文載列就特定金融負債及股本工具採納之會計政策。

借貸

借貸初步按公平值扣除所產生之交易成本確認，其後使用實際利率法按攤銷成本計算。

除非本集團擁有無條件權利可將負債之清償日期遞延至報告期末後最少12個月，否則借貸會分類為流動負債。

應付貿易款項及其他應付款

應付貿易款項及其他應付款初步按公平值列賬，其後使用實際利率法按攤銷成本計量，惟倘貼現影響不大，則按成本列賬。

股本工具

本公司所發行之股本工具按已收所得款項扣除直接發行成本入賬。

來自客戶合約之收入

收入按客戶合約訂明之代價計量，當中會參考商業常規，並剔除代表第三方收取之金額。對於客戶付款與承諾產品或服務轉移之間相距一年以上之合約，代價會就重大融資部分之影響作出調整。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 重大會計政策 (續)

Revenue from contracts with customers (Continued)

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

Other income

Interest income is recognised on a time-proportion basis using the effective interest method.

來自客戶合約之收入 (續)

本集團於達成履約責任向客戶轉移產品或服務之控制權時確認收入。視乎合約條款及適用於合約之法律，履約責任可能隨時間或於某一時間點達成。在下列情況下，履約責任隨時間達成：

- 客戶同時取得及耗用本集團履約所提供之利益；
- 本集團之履約產生或提升一項於產生或提升時由客戶控制之資產；或
- 本集團之履約並無產生本集團有替代用途之資產，且本集團對迄今已完成履約之付款享有可強制執行權利。

倘履約責任隨時間達成，則收入參照達成該履約責任之完成進度確認。否則，收入於客戶取得產品或服務控制權之時間點確認。

其他收入

利息收入按時間比例基準使用實際利率法確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 重大會計政策(續)

Employee benefits

(a) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) *Pension obligations*

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged in profit or loss represents contributions payable by the Group to the funds.

(c) *Termination benefits*

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

Share-based payments

The Group issues equity-settled share-based payments to certain directors, employees and consultants.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

僱員福利

(a) *僱員應享假期*

僱員應享之年假及長期服務假期於僱員應享時確認。截至報告期末，因僱員提供之服務而產生之年假及長期服務假期之估計負債已計提撥備。

僱員應享之病假及產假於僱員休假時方會確認。

(b) *退休金責任*

本集團向為所有僱員提供之界定供款退休計劃供款。本集團及僱員向計劃作出之供款按僱員基本薪金之某一百分比計算。於損益扣除之退休福利計劃成本指本集團須向基金支付之供款。

(c) *離職福利*

離職福利於本集團無法再撤回提供該等福利時及於本集團確認重組成本並涉及支付離職福利時(以較早者為準)確認。

以股份支付之款項

本集團向若干董事、僱員及顧問發行以權益結算並以股份支付之款項。

向董事及僱員發行之以權益結算並以股份支付之款項按股本工具於授出日期之公平值計量(不包括非市場歸屬條件之影響)。以權益結算並以股份支付之款項於授出日期釐定之公平值，乃基於本集團對最終將歸屬股份之估計及就非市場歸屬條件之影響作出調整，於歸屬期內以直線法支銷。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 重大會計政策(續)

Share-based payments (Continued)

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

以股份支付之款項(續)

向顧問發行之以權益結算並以股份支付之款項按所提供服務之公平值計量，或倘無法可靠地計量所提供服務之公平值，則按所授出股本工具之公平值計量。公平值於本集團獲得服務當日計量，並確認為開支。

稅項

所得稅指即期稅項與遞延稅項之總和。

即期應付稅項基於本年度應課稅溢利計算。應課稅溢利與於損益確認之溢利有所不同，原因是前者不包括其他年度之應課稅或可扣稅收入或開支項目，亦不包括永不課稅或不可扣稅項目。本集團有關即期稅項之負債使用於報告期末前已實行或實際已實行之稅率計算。

本集團就財務報表內資產及負債之賬面金額與計算應課稅溢利所用相應稅基之間之差額確認遞延稅項。本集團一般就所有應課稅暫時差額確認遞延稅項負債，而遞延稅項資產則於可能有應課稅溢利可用於抵銷可扣減暫時差額、未動用稅項虧損或未動用稅項抵免時確認。倘暫時差額因商譽或因初步確認（於業務合併中除外）一項既不影響應課稅溢利亦不影響會計溢利之交易中之其他資產及負債而產生，則不會確認有關資產及負債。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 重大會計政策(續)

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and its joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

稅項(續)

本集團就於附屬公司及聯營公司以及其合資企業之投資所產生之應課稅暫時差額確認遞延稅項負債，惟倘本集團能夠控制暫時差額之撥回，且該暫時差額可能不會於可見將來撥回則作別論。

遞延稅項資產之賬面金額會於各報告期末檢討，並於不大可能有足夠應課稅溢利以收回全部或部分資產時調減。

遞延稅項基於報告期末前已實行或實際已實行之稅率，按預期於負債清償或資產變現期間適用之稅率計算。遞延稅項於損益確認，惟當遞延稅項與於其他全面收益確認或直接於權益確認之項目有關時，亦會於其他全面收益確認或直接於權益確認。

遞延稅項資產及負債之計量反映按照本集團於報告期末預期收回或清償其資產及負債賬面金額之方式而產生之稅務後果。

當有合法可強制執行權利對銷即期稅項資產與即期稅項負債，且遞延稅項資產及負債與由同一稅務機關徵收之所得稅有關且本集團擬按淨額基準結算其即期稅項資產及負債時，遞延稅項資產及負債會作對銷。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 重大會計政策(續)

Related parties

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company.
- (b) An entity is related to the Group (reporting entity) if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).

關聯方

關聯方為與本集團有關聯之人士或實體。

- (a) 倘屬以下人士，則該人士或其近親與本集團有關聯：
- (i) 對本集團擁有控制權或共同控制權；
 - (ii) 對本集團有重大影響力；或
 - (iii) 為本公司或其母公司之主要管理層成員。
- (b) 倘符合下列任何條件，則某實體與本集團（申報實體）有關聯：
- (i) 該實體與本公司屬同一集團之成員公司（即各母公司、附屬公司及同系附屬公司彼此間有關聯）。
 - (ii) 一間實體為另一實體之聯營公司或合營企業（或另一實體為成員公司之集團旗下成員公司之聯營公司或合營企業）。
 - (iii) 兩間實體均為同一第三方之合營企業。
 - (iv) 一間實體為第三方實體之合營企業，而另一實體為該第三方實體之聯營公司。
 - (v) 該實體為本集團或與其有關聯之實體為僱員利益設立之離職後福利計劃。倘本集團本身為該計劃，則資助僱主亦與本集團有關聯。
 - (vi) 該實體受(a)項所識別人士控制或共同控制。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 重大會計政策(續)

Related parties (Continued)

(b) An entity is related to the Group (reporting entity) if any of the following conditions applies: (Continued)

- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

Segment reporting

Operating segments and the amounts of each segment item reported in the financial statements are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources and assessing the performance of the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Impairment of assets

Intangible assets that have an indefinite useful life or not yet available for use are reviewed annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

關聯方(續)

(b) 倘符合下列任何條件，則某實體與本集團(申報實體)有關聯：
(續)

- (vii) (a)(i)項所識別人士對該實體有重大影響力或屬該實體(或該實體之母公司)之主要管理層成員。
- (viii) 該實體或其所屬集團之任何成員公司為本公司或其母公司提供主要管理人員服務。

分部申報

營運分部及財務報表內所呈報各分部項目之金額，取自就本集團各項業務分配資源及評估表現而定期向本集團最高行政管理層提供之財務資料。

個別重大營運分部不會為財務申報目的而彙集計算，除非該等分部擁有類似經濟特徵，且產品及服務性質、生產流程性質、客戶類型或類別、分銷產品或提供服務所用方法及監管環境之性質相似。非個別重大營運分部如符合上述大部分標準，則可彙集計算。

資產減值

可用年期無限或未可供使用之無形資產每年檢討減值，以及當有事件或情況變動顯示賬面金額可能無法收回時檢討減值。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 重大會計政策 (續)

Impairment of assets (Continued)

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets other than investments, inventories and receivables, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

資產減值 (續)

於各報告期末，本集團審閱其有形及無形資產（投資、存貨及應收款除外）之賬面金額，以釐定是否有任何跡象顯示該等資產已出現減值虧損。倘存在任何該等跡象，則會估計資產之可收回金額以釐定減值虧損程度。倘無法估計個別資產之可收回金額，則本集團會估計資產所屬現金產生單位之可收回金額。

可收回金額為公平值減出售成本與使用價值兩者中之較高者。於評估使用價值時，估計未來現金流量使用反映現時市場對金錢時間價值之評估及資產特定風險之稅前貼現率，貼現至其現值。

倘資產或現金產生單位之可收回金額估計低於賬面金額，則資產或現金產生單位之賬面金額會調減至可收回金額。減值虧損即時於損益確認，除非相關資產按重估金額列賬，於此情況下，減值虧損被視為重估減值處理。

倘減值虧損於其後撥回，則資產或現金產生單位之賬面金額會增加至其經修訂之估計可收回金額，惟增加後之賬面金額不得超過假設於過往年度並無確認資產或現金產生單位減值虧損而應釐定之賬面金額（扣除攤銷或折舊）。減值虧損撥回即時於損益確認，除非相關資產按重估金額列賬，於此情況下，減值虧損撥回被視為重估增值處理。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 重大會計政策(續)

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

撥備及或然負債

當本集團因過往事件而承擔現有法律或推定責任，而履行責任有可能導致經濟利益流出，並能夠可靠地估計時，本集團會就時間或金額不確定之負債確認撥備。倘金錢之時間價值重大，則撥備按預期用於履行該責任的支出現值列賬。

倘經濟利益流出之可能性較低，或金額無法可靠地估計，則責任會披露為或然負債，除非流出之可能性極低。可能出現之責任（其存在與否取決於一項或多項未來事件是否發生）亦披露為或然負債，除非流出之可能性極低。

借貸成本

收購、興建或生產合資格資產（即需要長時間準備作擬定用途或出售之資產）直接應佔之借貸成本撥充資本作為有關資產成本之一部分，直至資產大致可作擬定用途或出售為止。指定借貸於就合資格資產支銷前暫時投資所得投資收入自合資格撥充資本之借貸成本中扣除。

倘於一般情況下借入資本並用於取得合資格資產，則合資格撥充資本之借貸成本金額將透過就有關資產之開支應用撥充資本比率確定。該撥充資本比率為本集團期內未償還借貸（指定用於取得合資格資產之借貸除外）之適用借貸成本之加權平均數。

所有其他借貸成本均於產生之期間在損益確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued) 4. 重大會計政策(續)

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES 5. 重要判斷及主要估計

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

(a) *Going concern basis*

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of the major shareholder at a level sufficient to finance the working capital requirements of the Group. Details are explained in note 2 to consolidated financial statements.

報告期後事項

提供有關本集團於報告期末之狀況之額外資料或顯示持續經營假設並不適當之報告期後事項為調整事項，會於財務報表反映。並非調整事項之報告期後事項於重大時在綜合財務報表附註披露。

應用會計政策之重要判斷

於應用會計政策之過程中，董事已作出以下對財務報表所確認金額構成最重大影響之判斷（涉及估計者將於後文另行處理）。

(a) *持續經營基準*

本綜合財務報表乃按持續經營基準編製，該基準之有效性取決於主要股東之財務支持是否足以為本集團之營運資金需要提供資金。詳情於綜合財務報表附註2闡述。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued) 5. 重要判斷及主要估計(續)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

(b) Impairment of investment in associates

Interest in associates are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Value-in-use calculations are used for assessing the recoverable amount of these interests. These calculations require use of judgments and estimates.

Management judgment is required for assessing impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related carrying value of interests may not be recoverable; and (ii) whether the carrying value of the interests can be supported by the recoverable amount. Changing the estimations used by management in assessing impairment could materially affect the recoverable amount used in the impairment test and as a result affect the Group's consolidated financial position and consolidated results of operations. At the end of the reporting period, the carrying value of investment in associates was approximately HK\$168,980,000 (2018: HK\$406,862,000).

估計不確定因素之主要來源

與未來有關之主要假設及於報告期末之估計不確定因素其他主要來源(有重大風險導致於下個財政年度對資產及負債賬面金額作出重大調整)論述如下。

(a) 呆壞賬減值虧損

本集團基於對應收貿易款項及其他應收款可收回性之評估(包括每名債務人之目前信譽及過往收款紀錄)就呆壞賬作出減值虧損。倘有事件或情況變化顯示餘額可能無法收回,則出現減值。識別呆壞賬需要運用判斷及估計。倘實際結果有別於原來估計,則該等差額將於上述估計出現變動之年度影響應收貿易款項及其他應收款之賬面值以及呆賬開支。

(b) 於聯營公司之投資減值

每當有任何事件或情況變動顯示賬面金額可能無法收回時,會對於聯營公司之權益進行減值檢討。評估該等權益之可收回金額時,會計算使用價值。有關計算涉及運用判斷及估計。

評估減值須要管理層作出判斷,尤其是評估:(i)有否發生任何事件顯示權益之相關賬面值可能無法收回;及(ii)權益之賬面值是否得到可收回金額證明。倘管理層於評估減值時所用之估計改變,則減值測試所用之可收回金額可能會受嚴重影響,繼而影響本集團之綜合財務狀況及綜合經營業績。於報告期末,於聯營公司之投資之賬面值約為168,980,000港元(二零一八年:406,862,000港元)。

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For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued) 5. 重要判斷及主要估計(續)

Key sources of estimation uncertainty (Continued)

(c) *Property, plant and equipment and depreciation*

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(d) *Impairment of property, plant and equipment*

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is determined with reference to the present value of estimated future cash flows. Where the future cash flows are less than expected or there are unfavourable events and change in facts and circumstance which result in revision of future estimate cash flows, a material impairment loss may arise.

(e) *Impairment of intangible assets*

The management of the Company assesses the possible impairment of the Group's intangible assets at end of each reporting period. At the end of the reporting period, the carrying value of intangible assets of HK\$Nil (2018: HK\$62,555,000). A impairment loss of approximately HK\$62,555,000 has been recognised in the current year. This situation will be closely monitored, and adjustments made in future periods, if future market activity indicates that such adjustments are appropriate.

估計不確定因素之主要來源(續)

(c) *物業、廠房及設備以及折舊*

本集團會釐定其物業、廠房及設備之估計可用年期、剩餘價值及相關折舊費用。此估計乃基於性質及功能相近之物業、廠房及設備之實際可用年期及剩餘價值之過往經驗作出。倘可用年期及剩餘價值有別於原先估計，則本集團會相應修訂折舊費用，或註銷或撇減已報廢或出售之技術過時或非策略資產。

(d) *物業、廠房及設備減值*

每當有事件或情況變化顯示資產賬面金額超過可收回金額時，本集團會審閱物業、廠房及設備有否出現減值。可收回金額參照預期未來現金流量之現值釐定。倘未來現金流量少於預期，或者有不利事件以及事實及情況變化導致須修訂未來估計現金流量，則可能產生重大減值虧損。

(e) *無形資產減值*

本公司之管理層於各報告期末評估本集團無形資產出現減值之可能性。於報告期末，無形資產之賬面值為零港元(二零一八年：62,555,000港元)。本年度確認減值虧損約62,555,000港元。本集團將密切監察此情況，如未來市場活動顯示適合作出任何調整，則於日後之期間作出有關調整。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued) 5. 重要判斷及主要估計(續)

Key sources of estimation uncertainty (Continued)

(f) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

估計不確定因素之主要來源(續)

(f) 滯銷存貨備抵

滯銷存貨備抵乃基於存貨之賬齡及估計可變現淨值作出。評估備抵金額涉及判斷及估計。倘未來實際結果有別於原先估計，則該等差額將於上述估計出現變動之期間影響存貨之賬面值及備抵費用／撥回。

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Hong Kong dollars and United States dollars and Renminbi. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

6. 財務風險管理

本集團之活動令本集團面對多種財務風險：外幣風險、信貸風險、流動資金風險及利率風險。本集團之整體風險管理計劃專注於金融市場之不確定性，並致力減低對本集團財務表現之潛在不利影響。

(a) 外幣風險

由於本集團大部分業務交易、資產及負債主要以港元、美元及人民幣之功能貨幣計值，故本集團面對若干外幣風險。本集團現時並無有關外幣交易、資產及負債之外幣對沖政策。本集團將密切監察其面對之外幣風險，並於有需要時考慮對沖重大外幣風險。

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6. FINANCIAL RISK MANAGEMENT 6. 財務風險管理(續)

(Continued)

(a) Foreign currency risk (Continued)

The functional currency of certain major subsidiaries of the Group is RMB. The Group is mainly exposed to currency risk between RMB and USD.

At 31 December 2019, if the RMB had weakened 5 per cent (2018: 5 per cent) against the US dollar with all other variables held constant, consolidated loss after tax for the year would have been HK\$544,300 (2018: HK\$856,000) higher, arising mainly as a result of the foreign exchange loss on monetary items denominated in US dollar. If the RMB had strengthened 5 per cent (2018: 5 per cent) against the US dollar with all other variables held constant, consolidated loss after tax for the year would have been HK\$544,300 (2018: HK\$856,000) lower, arising mainly as a result of the foreign exchange gain on monetary items denominated in US dollar.

(b) Credit risk

The carrying amount of the cash and bank balances, trade and other receivables, investments and derivative financial instruments included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has policies in place to ensure that sales are made to customers with an appropriate credit history. The credit risk on bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(a) 外幣風險(續)

本集團若干主要附屬公司之功能貨幣為人民幣。本集團主要面對人民幣兌美元之貨幣風險。

於二零一九年十二月三十一日，倘人民幣兌美元下跌5%（二零一八年：5%），而所有其他可變因素維持不變，則本年度之除稅後綜合虧損應增加544,300港元（二零一八年：856,000港元），主要是因以美元計值之貨幣項目之外匯虧損而產生。倘人民幣兌美元上升5%（二零一八年：5%），而所有其他可變因素維持不變，則本年度之除稅後綜合虧損應減少544,300港元（二零一八年：856,000港元），主要是因以美元計值之貨幣項目之外匯收益而產生。

(b) 信貸風險

本集團就金融資產面對之最高信貸風險為計入綜合財務狀況表之現金及銀行結餘、應收貿易款項及其他應收款、投資及衍生金融工具之賬面金額。

本集團訂有設策，確保向信貸紀錄合適之客戶作出銷售。由於對手方為獲國際評級機構給予高信貸評級之銀行，故銀行及現金結餘之信貸風險有限。

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6. FINANCIAL RISK MANAGEMENT (Continued) 6. 財務風險管理(續)

(b) Credit risk (Continued)

The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

- internal credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- significant changes in the value of the collateral or in the quality of guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

(b) 信貸風險(續)

本集團於各報告期持續考慮金融資產之信貸風險是否顯著上升，方法為比較於報告日期之違約風險與於初步確認日期之違約風險。本集團會考慮可取得之合理及有理據支持之前瞻性資料，尤其是使用下列資料：

- 內部信貸評級；
- 營商、金融或經濟狀況實際或預期出現重大不利改變，此等變動預計將令借款人履行責任之能力出現重大變動；
- 抵押品價值或擔保或增信安排之質量出現重大變動；及
- 借款人之預期表現及行為出現重大變動，包括借款人之付款情況改變。

倘債務人之合約付款逾期超過30天，則假定信貸風險已顯著上升。當對手方未能於到期後60天內作出合約付款時，金融資產即告違約。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

6. FINANCIAL RISK MANAGEMENT 6. 財務風險管理(續)

(Continued)

(b) Credit risk (Continued)

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group normally categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 360 days past due. Where loans or receivables have been written off, the Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

The Group uses two categories for non-trade loan receivables which reflect their credit risk and how the loan loss provision is determined for each of the categories. In calculating the expected credit loss rates, the Group considers historical loss rates for each category and adjusts for forward looking data.

| Category | Definition | Loss provision |
|----------------|--|--------------------------|
| Performing | Low risk of default and strong capacity to pay | 12 month expected losses |
| Non-performing | Significant increase in credit risk | Lifetime expected losses |

(b) 信貸風險(續)

當無收回之合理期望(例如債務人未能與本集團訂立還款計劃)時,本集團會撤銷金融資產。本集團一般於債務人逾期超過360天仍未能作出合約付款時,將貸款或應收款歸入撤銷類。如貸款或應收款已撤銷,則本集團將於實際及經濟上可行之情況下繼續進行強制執行活動,致力收回到期應收款。

本集團使用兩類非貿易應收款,以分別反映各類別之信貸風險及如何就各類別釐定貸款虧損撥備。於計算預期信貸虧損率時,本集團會考慮各類別之歷史虧損率並就前瞻性數據作出調整。

| 類別 | 定義 | 虧損撥備 |
|-----|-------------|----------|
| 履約中 | 違約風險低及付款能力高 | 12個月預期虧損 |
| 不履約 | 信貸風險顯著上升 | 全期預期虧損 |

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6. FINANCIAL RISK MANAGEMENT 6. 財務風險管理(續)

(Continued)

(b) Credit risk (Continued)

(b) 信貸風險(續)

| | | Total 總計 | |
|---|--------------------------------------|----------------------------------|----------------------------------|
| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
| Other loans receivables | 其他應收貸款 | 90,816 | 94,816 |
| Provision for loss allowance | 虧損備抵撥備 | (77,710) | (77,710) |
| Carrying amounts | 賬面金額 | 13,106 | 17,106 |
| Expected credit loss rate | 預期信貸虧損率 | | |
| 2019 | 二零一九年 | | 86% |
| 2018 | 二零一八年 | | 82% |
| Loss allowance at 1 January 2019 and 31 December 2019 | 於二零一九年一月一日 及二零一九年十二月 三十一日之虧損備抵 | | (77,710) |

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

(c) 流動資金風險

本集團之政策為定期監察目前及預期流動資金需要，確保維持足夠現金儲備，應付短期及較長期之流動資金需要。

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6. FINANCIAL RISK MANAGEMENT 6. 財務風險管理(續) (Continued)

(c) Liquidity risk (Continued)

The maturity analysis of the Group's financial liabilities is as follows:

(c) 流動資金風險(續)

本集團金融負債之到期情況分析如下：

| | | Carrying amount | Total contractual undiscounted cash flow within 1 year |
|----------------------------|----------------------|-----------------|--|
| | | 賬面金額 | 一年內之合約未貼現現金流量總額 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| At 31 December 2019 | 於二零一九年十二月三十一日 | | |
| Trade and other payables | 應付貿易款項及其他應付款 | 120,492 | 120,492 |
| At 31 December 2018 | 於二零一八年十二月三十一日 | | |
| Trade and other payables | 應付貿易款項及其他應付款 | 61,170 | 61,170 |

(d) Interest rate risk

At 31 December 2019, as the Group has minimal exposure to interest rate risk, the Group's operating cash flows are substantially independent of changes in market interest rates.

(d) 利率風險

於二零一九年十二月三十一日，由於本集團面對之利率風險極低，故本集團之營運現金流大致上獨立於市場利率變動。

(e) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

(e) 公平值

綜合財務狀況表所反映本集團之金融資產及金融負債之賬面金額與該等項目各自之公平值相若。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

6. FINANCIAL RISK MANAGEMENT (Continued) 6. 財務風險管理(續)

(f) Categories of financial instruments at 31 December (f) 於十二月三十一日之金融工具類別

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--|----------------------------------|----------------------------------|----------------------------------|
| Financial assets | 金融資產 | | |
| Derivative financial instrument Mandatorily measured | 強制計量之衍生金融工具 | - | 55,018 |
| Financial assets at amortised cost (including cash and cash equivalents) | 按攤銷成本計量之 金融資產(包括現金及 現金等價物) | 147,652 | 80,612 |
| Equity investments at fair value through other comprehensive income | 按公平值計入其他全面 收入之股本投資 | 14,031 | 38,423 |
| Financial liabilities | 金融負債 | | |
| Financial liabilities at amortised cost | 按攤銷成本計量之 金融負債 | 120,492 | 61,170 |

7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categories into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

7. 公平值計量

公平值為於計量日期在市場參與者進行之有序交易中就出售資產收取或就轉讓負債支付之價格。以下公平值計量之披露事項使用之公平值層級，將計量公平值所用估值技術之輸入數據分為三個層級：

第一級 本集團於計量日期可於活躍市場上就相同資產或負債獲得之報價(未經調整)。

第二級 可就資產或負債直接或間接觀察之輸入數據，第一級包括之報價除外。

第三級 資產或負債之不可觀察輸入數據。

本集團之政策為確認截至有事項或狀況變化導致轉移之日期止，該三個等級中任何一個之轉入及轉出。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

7. FAIR VALUE MEASUREMENTS 7. 公平值計量 (續)

(Continued)

(a) Disclosures of level in fair value hierarchy at 31 December 2019:

(a) 於二零一九年十二月三十一日之公平值層級披露：

| Description | 描述 | Fair value measurements using: 使用以下項目之公平值計量： | | | Total 總額 |
|---|-------------------|---|-----------------------------------|-----------------------------------|----------------------------------|
| | | Level 1 第一級 HK\$'000 千港元 | Level 2 第二級 HK\$'000 千港元 | Level 3 第三級 HK\$'000 千港元 | 2019 二零一九年 HK\$'000 千港元 |
| Recurring fair value measurements: | | | | | |
| Equity investments at fair value through other comprehensive income | 按公平值計入其他全面收入之股本投資 | | | | |
| – Unlisted equity securities | – 非上市股本證券 | – | – | 14,031 | 14,031 |
| Total recurring fair value measurements | 經常性公平值計量總額 | – | – | 14,031 | 14,031 |

| Description | 描述 | Fair value measurements using: 使用以下項目之公平值計量： | | | Total 總額 |
|---|-------------------|---|-----------------------------------|-----------------------------------|----------------------------------|
| | | Level 1 第一級 HK\$'000 千港元 | Level 2 第二級 HK\$'000 千港元 | Level 3 第三級 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
| Recurring fair value measurements: | | | | | |
| Equity investments at fair value through other comprehensive income | 按公平值計入其他全面收入之股本投資 | | | | |
| – Listed securities in PRC | – 中國上市證券 | – | 15,427 | – | 15,427 |
| – Unlisted equity securities | – 非上市股本證券 | – | – | 22,996 | 22,996 |
| | | – | 15,427 | 22,996 | 38,423 |
| Derivative financial instrument | 衍生金融工具 | | | | |
| – Profits guaranteed arrangement | – 溢利保證安排 | – | – | 55,018 | 55,018 |
| Total recurring fair value measurements | 經常性公平值計量總額 | – | 15,427 | 78,014 | 93,441 |

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

7. FAIR VALUE MEASUREMENTS (Continued) 7. 公平值計量(續)

- (a) Disclosures of level in fair value hierarchy at 31 December 2019: (Continued)

During the period, there were no transfer between Level 1 and Level 2, or transfers into or out of Level 3 (2018: Nil). The Group's policy is to recognise transfer between levels of fair value hierarchy as at the end of the reporting period in which they occur.

- (b) Reconciliation of assets measured at fair value based on level 3:

- (a) 於二零一九年十二月三十一日之公平值層級披露：(續)

期內，第一級與第二級之間並無轉移，亦無自第三級轉入或轉出(二零一八年：無)。本集團之政策為於發生轉移之報告期間期末確認公平值層級間之轉移。

- (b) 使用第三級之資產公平值計量對賬：

| Description | 描述 | Derivative financial instrument | |
|--|-------------------|---------------------------------|----------|
| | | 2019 | 2018 |
| | | 二零一九年 | 二零一八年 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| At 1 January | 於一月一日 | 55,018 | 46,957 |
| Transfers out to other receivables | 轉至其他應收款 | (71,010) | - |
| Total gains recognised in consolidated profit or loss (#) | 於綜合損益確認之收益總額(#) | 18,737 | 8,616 |
| Exchange difference | 匯兌差額 | (2,745) | (555) |
| At 31 December | 於十二月三十一日 | - | 55,018 |
| (#) Include gains for assets held at end of reporting period | (#)包括於報告期末所持資產之收益 | 18,737 | 8,616 |

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7. FAIR VALUE MEASUREMENTS 7. 公平值計量 (續) (Continued)

(b) Reconciliation of assets measured at fair value based on level 3: (Continued)

(b) 使用第三級之資產公平值計量對賬：(續)

| | | Equity investments at fair value through other comprehensive income | |
|---|--------------------|--|-----------------|
| | | 按公平值計入其他全面收入之股本投資 | |
| | | 2019 | 2018 |
| | | 二零一九年 | 二零一八年 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Description | 描述 | | |
| At 1 January | 於一月一日 | 22,996 | 51,537 |
| Total losses recognised in other comprehensive income | 於其他全面收入 確認之虧損總額 | (8,664) | (21,953) |
| Exchange difference | 匯兌差額 | (301) | (6,588) |
| At 31 December | 於十二月三十一日 | 14,031 | 22,996 |

The total gains or losses recognised in other comprehensive income are presented in fair value changes of equity investments at fair value through other comprehensive income in the consolidated statement of profit or loss and other comprehensive income.

於其他全面收入確認之收益或虧損總額於綜合損益及其他全面收益表中之按公平值計入其他全面收入之股本投資之公平值變動呈列。

The total gains or losses recognised in profit or loss including those for assets held at end of reporting period are presented in other income in the consolidated statement of profit or loss and other comprehensive income.

於損益確認之收益或虧損總額(包括於報告期末所持資產之收益或虧損)於綜合損益及其他全面收益表中之其他收入呈列。

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For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

7. FAIR VALUE MEASUREMENTS (Continued) 7. 公平值計量(續)

- (c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2019:

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Level 2 fair value measurements

| Description | Valuation technique | Inputs | Fair value 2018 二零一八年 公平值 HK\$'000 千港元 |
|--------------------------|---------------------|--|---|
| 描述 | 估值技術 | 輸入數據 | |
| Listed securities in PRC | Market approach | Similar companies are trading in a public market | 15,427 |
| 中國上市證券 | 市場法 | 於公開市場買賣之類似公司 | |

- (c) 本集團所用估值過程以及於二零一九年十二月三十一日公平值計量所用估值技術及輸入數據之披露：

本集團一般會委聘具備認可專業資歷及近期估值經驗之外部估值專家進行第三級公平值計量之估值。

第二級公平值計量

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綜合財務報表附註

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7. FAIR VALUE MEASUREMENTS 7. 公平值計量 (續)

(Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2019: (Continued)

(c) 本集團所用估值過程以及於二零一九年十二月三十一日公平值計量所用估值技術及輸入數據之披露：(續)

Level 3 fair value measurements

第三級公平值計量

| Description | Valuation technique | Unobservable inputs | Range | Effect on fair value for increase of inputs | Fair value 2019 |
|-------------|---------------------|---------------------|-------|---|-----------------|
| 描述 | 估值技術 | 不可觀察輸入數據 | 範圍 | 輸入數據增加對公平值之影響 | 二零一九年公平值 |

HK\$'000
千港元

Equity investments at fair value through other comprehensive income 按公平值計入其他全面收入之股本投資

| | | | | | |
|----------------------------|---|---------------------------------|---|----------|--------|
| Unlisted equity securities | Market approach – Guideline Publicly traded Comparable Method | Market Capitalisation Multiples | Market Capitalization of Common Stock from CNY2,002 to CNY7,746 | Increase | 14,031 |
| 非上市股本證券 | 市場法 – 指標公開買賣可資比較公司法 | 市值倍數 | 普通股市值介乎人民幣2,002元至人民幣7,746元 | 增加 | |

| Description | Valuation technique | Unobservable inputs | Range | Effect on fair value for increase of inputs | Fair value 2018 |
|-------------|---------------------|---------------------|-------|---|-----------------|
| 描述 | 估值技術 | 不可觀察輸入數據 | 範圍 | 輸入數據增加對公平值之影響 | 二零一八年公平值 |

HK\$'000
千港元

Equity investments at fair value through other comprehensive income 按公平值計入其他全面收入之股本投資

| | | | | | |
|----------------------------|---|---------------------------------|---|----------|--------|
| Unlisted equity securities | Market approach – Guideline Publicly-traded Comparable Method | Market Capitalisation Multiples | Market Capitalization of Common Stock from CNY1,870 to CNY5,712 | Decrease | 22,996 |
| 非上市股本證券 | 市場法 – 指標公開買賣可資比較公司法 | 市值倍數 | 普通股市值介乎人民幣1,870元至人民幣5,712元 | 減少 | |

Derivative financial instrument 衍生金融工具

| | | | | | |
|--------------------------------|----------------------------------|----------------------|--|----------|--------|
| Profits guaranteed arrangement | Discounted payoff with scenarios | Credit discount rate | Discount rate make reference to comparable bond yields | Increase | 55,018 |
| 溢利保證安排 | 在各種情況下之貼現報酬 | 信貸貼現率 | 貼現率參考可資比較債券收益 | 增加 | |

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

8. REVENUE

The Group's revenue represents sales and service income of battery management systems and spare parts and interest income from finance lease.

8. 收入

本集團之收入指電池管理系統及備品備件銷售額及服務收入以及融資租賃利息收入。

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--|---------------------|----------------------------------|----------------------------------|
| Sales and service income of battery management systems and spare parts | 電池管理系統及備品備件銷售額及服務收入 | 16,342 | 61,191 |
| Revenue from contracts with customers | 來自客戶合約之收入 | 16,342 | 61,191 |
| Interest income from finance leasing | 融資租賃利息收入 | - | 59 |
| Total | 總計 | 16,342 | 61,250 |

Disaggregation of revenue from contracts with customers:

拆分來自客戶合約之收入：

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---|--------------------|----------------------------------|----------------------------------|
| Geographical markets | 地區市場 | | |
| PRC | 中國 | 16,342 | 61,191 |
| Major products/service | 主要產品／服務 | | |
| Sales and service income of battery management system and lithium batteries | 電池管理系統及鋰電池銷售額及服務收入 | 16,342 | 61,191 |
| Timing of revenue recognition | 收入確認時間 | | |
| At a point in time | 於某一時間點 | 16,342 | 61,191 |

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

8. REVENUE (Continued)

Sales and service income of battery management systems and spare parts

The Group sells battery management systems and spare parts to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Sales to customers are normally made with credit terms of 30 to 90 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability.

8. 收入 (續)

電池管理系統及備品備件銷售額及服務收入

本集團向客戶銷售電池管理系統及備品備件。本集團於產品之控制權轉移（即向客戶交付產品）、再無未履行責任可影響客戶接納產品且客戶已取得產品之法定所有權時確認銷售額。

應收款於向客戶交付產品時確認，因為此乃代價成為無條件、於款項到期前只待時間流逝之時間點。

本集團一般就客戶銷售提供30至90天之信貸期。新客戶可能須預付按金或貨到付款。已收按金確認為合約負債。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

9. OTHER INCOME

9. 其他收入

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--|------------------|----------------------------------|----------------------------------|
| Interest income | 利息收入 | 40 | 205 |
| Other receivables interest income | 其他應收款利息收入 | - | 2,230 |
| Gain on disposal of an associate | 出售一間聯營公司之收益 | - | 62,411 |
| Recognition of deferred income on capital contribution to an associate | 確認向一間聯營公司出資之遞延收入 | - | 1,332 |
| Fair value gain on derivative financial instrument | 衍生金融工具之公平值收益 | 18,737 | 8,616 |
| Others | 其他 | 2,490 | 3,165 |
| | | 21,267 | 77,959 |

10. SEGMENT INFORMATION

10. 分部資料

The Group's reportable segments are strategic business units that offer different products. They are managed separately because each business requires different technology and marketing strategies. The Group has three reportable segments: development of high-tech electric motor vehicles, development and sales of battery management systems and spare parts and development of advanced batteries materials.

本集團之可呈報分部指提供不同產品之策略性業務單位。由於所需技術及市場推廣策略各有不同，故各業務受獨立管理。本集團有三個可呈報分部：開發高科技電動車、開發及銷售電池管理系統及備品備件以及開發先進電池材料。

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements. Segment profits or losses do not include unallocated corporate income and expenses. Segment assets do not include unallocated corporate assets. Segment liabilities do not include unallocated corporate liabilities. Segment non-current assets do not include financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

營運分部之會計政策與綜合財務報表附註4所述者相同。分部溢利或虧損不包括未分配企業收支。分部資產不包括未分配公司資產。分部負債不包括未分配公司負債。分部非流動資產不包括金融工具、遞延稅項資產、離職後福利資產及根據保險合約產生之權利。

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For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

10. SEGMENT INFORMATION (Continued)

10. 分部資料 (續)

Information about reportable segment profit or loss, assets and liabilities:

有關可呈報分部溢利或虧損、資產與負債之資料：

| | | High-tech electric motor vehicles 高科技 電動車 | Battery management systems and spare parts 電池管理系統 及備品備件 | Advanced batteries materials 先進電池材料 | Total 總計 |
|---|--------------------------------|--|--|--|-----------------|
| | | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| Year ended 31 December 2019: | 截至二零一九年 十二月三十一日止年度： | | | | |
| Revenue | 收入 | - | 16,242 | 100 | 16,342 |
| Segment loss | 分部虧損 | (232,951) | (11,362) | (979) | (245,292) |
| Depreciation | 折舊 | (7,563) | (1,505) | (12) | (9,080) |
| Other material non-cash items: | 其他重大非現金項目： | | | | |
| Research and development expenses | 研發開支 | (207,331) | (868) | (570) | (208,769) |
| Additions to segment non-current assets | 添置分部非流動資產 | 13,191 | 859 | - | 14,050 |
| At 31 December 2019: | 於二零一九年 十二月三十一日： | | | | |
| Segment assets | 分部資產 | 464,842 | 25,696 | 2,237 | 492,775 |
| Segment liabilities | 分部負債 | 6,734 | 9,399 | 164 | 16,297 |
| Year ended 31 December 2018: | 截至二零一八年 十二月三十一日止年度： | | | | |
| Revenue | 收入 | 58 | 61,192 | - | 61,250 |
| Segment loss | 分部虧損 | (85,460) | (90,911) | (8,169) | (184,540) |
| Depreciation | 折舊 | (13,044) | (2,248) | (104) | (15,396) |
| Other material non-cash items: | 其他重大非現金項目： | | | | |
| Impairment of property, plant and equipment | 物業、廠房及設備減值 | (134) | - | - | (134) |
| Research and development expenses | 研發開支 | (2,010) | (13,559) | (6,354) | (21,923) |
| Additions to segment non-current assets | 添置分部非流動資產 | 2,019 | 33,911 | - | 35,930 |
| At 31 December 2018: | 於二零一八年 十二月三十一日： | | | | |
| Segment assets | 分部資產 | 743,566 | 31,762 | 4,076 | 779,404 |
| Segment liabilities | 分部負債 | 9,144 | 9,725 | 161 | 19,030 |

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10. SEGMENT INFORMATION (Continued)

10. 分部資料 (續)

Reconciliations of reportable segment revenue, profit and loss, assets and liabilities:

可呈報分部收入、溢利及虧損、資產與負債對賬：

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---|---------------------|----------------------------------|----------------------------------|
| Revenue: | 收入： | | |
| Total revenue of reportable segments and consolidated revenue | 可呈報分部收入及綜合收入總額 | 16,342 | 61,250 |
| Profit or loss: | 溢利或虧損： | | |
| Total loss of reportable segments | 可呈報分部虧損總額 | (245,292) | (184,540) |
| Corporate and unallocated profit or loss | 公司及未分配溢利或虧損 | (398,554) | (105,271) |
| Income tax expense | 所得稅開支 | - | (18) |
| Consolidated loss for the year | 本年度綜合虧損 | (643,846) | (289,829) |
| Assets: | 資產： | | |
| Total assets of reportable segments | 可呈報分部資產總值 | 492,775 | 779,404 |
| Corporate and unallocated assets: | 公司及未分配資產： | | |
| - Equity investments at fair value through other comprehensive income | - 按公平值計入其他全面收入之股本投資 | 14,031 | 38,423 |
| - Bank and cash balances held by the Group's headquarters | - 本集團總部持有之銀行及現金結餘 | 927 | 15,664 |
| - Others | - 其他 | 204,009 | 466,727 |
| Consolidated total assets | 綜合資產總值 | 711,742 | 1,300,218 |
| Liabilities: | 負債： | | |
| Total liabilities of reportable segments | 可呈報分部負債總額 | 16,297 | 19,030 |
| Corporate and unallocated liabilities | 公司及未分配負債 | | |
| - Others | - 其他 | 127,969 | 42,140 |
| Consolidated total liabilities | 綜合負債總額 | 144,266 | 61,170 |

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綜合財務報表附註

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10. SEGMENT INFORMATION (Continued)

10. 分部資料 (續)

Geographical information:

地區資料：

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---|-------------------|----------------------------------|----------------------------------|
| Revenue: | 收入： | | |
| The People's Republic of China (the "PRC") | 中華人民共和國 (「中國」) | 16,342 | 61,250 |

In presenting the geographical information, revenue is based on the location of the customers.

於呈列地區資料時，收入乃以客戶所在地為基礎。

Revenue from major customers:

主要客戶收入：

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|------------|-----|----------------------------------|----------------------------------|
| Customer A | 客戶甲 | Nil 無 | 43,036 |
| Customer B | 客戶乙 | Nil 無 | 18,077 |
| Customer C | 客戶丙 | 14,783 | Nil 無 |

Revenue from above customers individually contributed more than 10% of the total consolidated revenue of the Group.

來自上述客戶之收入個別佔本集團綜合收入總額10%以上。

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--|-----------------------------|----------------------------------|----------------------------------|
| Non-current assets (other than financial assets): | 非流動資產 (不包括金融資產)： | | |
| United States of America | 美利堅合眾國 | 2,090 | 1,025 |
| The PRC | 中國 | 166,810 | 533,161 |
| Hong Kong and others | 香港及其他 | 35,802 | 114,475 |
| | | 204,702 | 648,661 |

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For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

11. FINANCE COSTS

11. 融資成本

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|-----------------|------|----------------------------------|----------------------------------|
| Lease interests | 租賃利息 | 1,726 | - |

12. INCOME TAX EXPENSE

12. 所得稅開支

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|-----------------------------|-----------|----------------------------------|----------------------------------|
| Current tax | 即期稅項 | | |
| – PRC Enterprise Income Tax | – 中國企業所得稅 | | |
| Provision for the year | 年內撥備 | - | 18 |
| | | - | 18 |

No provision for Hong Kong Profits Tax has been made for the year as the Group did not generate any assessable profits arising in Hong Kong (2018: nil).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax expense and the product of loss before tax multiplied by Hong Kong Profits Tax rate is as follows:

由於本集團在香港並無產生任何應課稅溢利，故於年內並無就香港利得稅作出撥備（二零一八年：無）。

其他地區應課稅溢利之稅項支出乃基於本集團經營業務所在國家之現行法律、詮釋及常規，按其通行稅率計算。

所得稅開支與除稅前虧損乘以香港利得稅稅率所得之積對賬如下：

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---|----------------------------------|----------------------------------|----------------------------------|
| Loss before tax | 除稅前虧損 | (643,846) | (289,811) |
| Tax on loss before income tax, calculated at the rates applicable to profit/loss in the tax jurisdictions concerned | 按有關稅務司法權區適用於溢利／虧損之稅率計算除所得稅前虧損之稅項 | (115,130) | (41,855) |
| Tax effect of non-taxable income | 毋須課稅收入之稅務影響 | (4,684) | (17,595) |
| Tax effect of non-deductible expenses | 不可扣稅開支之稅務影響 | 119,814 | 55,984 |
| Tax effect of tax loss not recognised | 未確認之稅務虧損之稅務影響 | - | 3,484 |
| Income tax expense for the year | 本年度所得稅開支 | - | 18 |

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For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

13. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/ (crediting) the following:

13. 本年度虧損

本集團之本年度虧損已扣除／(計入)下列各項：

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--|--------------------|----------------------------------|----------------------------------|
| Auditor's remuneration | 核數師酬金 | 1,400 | 1,600 |
| Cost of inventories sold | 已售存貨成本 | 3,899 | 52,931 |
| Depreciation of property, plant and equipment | 物業、廠房及設備折舊 | 18,417 | 29,433 |
| Depreciation of right-of-use assets | 使用權資產折舊 | 15,568 | - |
| (Gain)/loss on disposal of property, plant and equipment | 出售物業、廠房及設備之(收益)／虧損 | (1,105) | 4,997 |
| Loss on dissolution of an associate | 解散一間聯營公司之虧損 | - | 14,123 |
| Recognition of deferred income on capital contribution to an associate | 確認向一間聯營公司出資之遞延收入 | - | (1,332) |
| Fair value gain on derivative financial instrument | 衍生金融工具之公平值收益 | (18,737) | (8,616) |
| Impairment of intangible assets | 無形資產之減值 | 62,555 | - |
| Impairment of property, plant and equipment | 物業、廠房及設備之減值 | - | 6,197 |
| Impairment of right-of-use assets | 使用權資產之減值 | 23,223 | - |
| Net exchange loss | 匯兌虧損淨額 | 912 | 2,537 |
| Operating lease charges in respect of land and buildings | 土地及樓宇之經營租賃支出 | - | 42,851 |
| Research and development costs | 研發成本 | 208,769 | 21,923 |
| Staff costs including directors' emoluments | 員工成本(包括董事酬金) | | |
| - Salaries, bonus and allowances | - 薪金、花紅及津貼 | 82,831 | 158,200 |
| - Retirement benefits scheme contributions | - 退休福利計劃供款 | 4,516 | 9,091 |
| | | 87,347 | 167,291 |

Notes to the Consolidated Financial Statements

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For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS 14. 董事及僱員酬金

The emoluments of each director were as follows:

各董事之酬金為：

| 2019 二零一九年 | Notes 附註 | Fees 袍金 HK\$'000 千港元 | Salaries and allowances 薪金及津貼 HK\$'000 千港元 | Retirement | Total |
|---|-------------|-------------------------------|---|--|---------------|
| | | | | benefits scheme contributions 退休福利 計劃供款 HK\$'000 千港元 | |
| Executive Directors: | | 執行董事： | | | |
| | | 156 | 1,175 | – | 1,331 |
| | | 160 | 1,001 | 15 | 1,176 |
| | (b) | 107 | 1,111 | 12 | 1,230 |
| | | 160 | 488 | – | 648 |
| | | 157 | 130 | – | 287 |
| | | 156 | 130 | – | 286 |
| | (a) | 91 | 504 | 11 | 606 |
| | | 160 | 1,174 | 18 | 1,352 |
| | | 160 | 1,560 | 18 | 1,738 |
| | | 160 | 1,173 | 18 | 1,351 |
| Non-executive Director: | | 非執行董事： | | | |
| | | 313 | – | – | 313 |
| Independent Non-Executive Directors: | | 獨立非執行董事： | | | |
| | | 160 | – | – | 160 |
| | (c) | 334 | – | – | 334 |
| | | 160 | – | – | 160 |
| | | 312 | – | – | 312 |
| | | 160 | – | – | 160 |
| | | 160 | – | – | 160 |
| | | 3,066 | 8,446 | 92 | 11,604 |

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For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued) 14. 董事及僱員酬金(續)

| 2018 二零一八年 | Notes 附註 | Fees 袍金 HK\$'000 千港元 | Salaries and allowances 薪金及津貼 HK\$'000 千港元 | Retirement benefits scheme contributions 退休福利計劃供款 HK\$'000 千港元 | Total 總額 HK\$'000 千港元 |
|---|-------------|-------------------------------|---|---|--------------------------------|
| Executive Directors: | | 執行董事: | | | |
| Dr. Yeung Yung | | 156 | 3,527 | – | 3,683 |
| Mr. Liu Stephen Quan | | 160 | 1,560 | 18 | 1,738 |
| Mr. Hui Wing Sang, Wilson | (b) | 160 | 2,340 | 18 | 2,518 |
| Dr. Zhu Shengliang | | 160 | 1,226 | – | 1,386 |
| Dr. Wang Chuantao | | 156 | 2,352 | – | 2,508 |
| Dr. Huang Chunhua | | 156 | 2,352 | – | 2,508 |
| Mr. Xu Jianguo | (a) | 156 | 2,346 | 18 | 2,520 |
| Mr. Li Zhengshan | | 160 | 2,352 | 18 | 2,530 |
| Mr. Ting Kwok Kit, Johnny | | 160 | 2,340 | 18 | 2,518 |
| Mr. Chen Xiao | | 160 | 2,349 | 18 | 2,527 |
| Non-executive Director: | | 非執行董事: | | | |
| Dr. Xia Tingkang, Tim | | 315 | – | – | 315 |
| Independent Non-Executive Directors: | | 獨立非執行董事: | | | |
| Mr. Lee Cheung Yuet, Horace | | 160 | – | – | 160 |
| Dr. Song Jian | (c) | 349 | – | – | 349 |
| Mr. Cheng Tat Wa | | 160 | – | – | 160 |
| Dr. Zhu Guobin | | 312 | – | – | 312 |
| Dr. Li Jianyong | | 160 | – | – | 160 |
| Mr. Chan Sin Hang | | 160 | – | – | 160 |
| | | 3,200 | 22,744 | 108 | 26,052 |

Notes:

- (a) Resigned on 1 August 2019.
 (b) Resigned on 2 September 2019.
 (c) Resigned on 31 December 2019.

附註:

- (a) 於二零一九年八月一日辭任。
 (b) 於二零一九年九月二日辭任。
 (c) 於二零一九年十二月三十一日辭任。

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For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued) 14. 董事及僱員酬金(續)

The five highest paid individuals in the Group during the year included five (2018: five) directors, whose emoluments are reflected in the analysis above.

During the year, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

年內，本集團五位最高薪人士包括五名(二零一八年：五名)董事，彼等之酬金已於上列分析反映。

年內，本集團並無向任何董事或五位最高薪人士支付任何酬金，作為吸引加入本集團或於加入本集團時之獎勵或離職補償。

15. DIVIDENDS

The directors do not recommend or declare the payment of any dividend in respect of the years ended 31 December 2018 and 2019.

15. 股息

董事並無就截至二零一八年及二零一九年十二月三十一日止年度建議派發或宣派任何股息。

16. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for year attributable to owners of the Company of approximately HK\$644,022,000 (2018: approximately HK\$288,571,000) and the weighted average number of 20,352,873,000 (2018: 20,352,078,000) ordinary shares in issue during the year.

(b) Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the year ended 31 December 2019 and 31 December 2018.

16. 每股虧損

(a) 每股基本虧損

本公司擁有人應佔每股基本虧損乃基於本公司擁有人應佔本年度虧損約644,022,000港元(二零一八年：約288,571,000港元)及年內已發行普通股加權平均股數20,352,873,000股(二零一八年：20,352,078,000股)計算。

(b) 每股攤薄虧損

截至二零一九年十二月三十一日及二零一八年十二月三十一日止年度，所有潛在普通股均具有反攤薄影響。

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17. PROPERTY, PLANT AND EQUIPMENT

17. 物業、廠房及設備

| | | Leasehold improvements fixtures and fittings 租賃物業 裝修、固定 裝置及配件 HK\$'000 千港元 | Furniture and equipment 傢俬及設備 HK\$'000 千港元 | Machineries 機器 HK\$'000 千港元 | Motor vehicles 汽車 HK\$'000 千港元 | Construction in progress 在建工程 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
|--|---------------------------------|--|---|--------------------------------------|---|---|--------------------------------|
| Cost | 成本 | | | | | | |
| At 1 January 2018 | 於二零一八年一月一日 | 26,348 | 29,973 | 15,577 | 68,002 | - | 139,900 |
| Additions | 添置 | 16,695 | 2,213 | - | 3,521 | 9,335 | 31,764 |
| Disposals | 出售 | - | (2,228) | (616) | (4,660) | - | (7,504) |
| Exchange differences | 匯兌差額 | 953 | 1,753 | 1,587 | 1,995 | - | 6,288 |
| At 31 December 2018 and 1 January 2019 | 於二零一八年 十二月三十一日及 二零一九年一月一日 | 43,996 | 31,711 | 16,548 | 68,858 | 9,335 | 170,448 |
| Additions | 添置 | 12,616 | 49 | - | - | 1,414 | 14,079 |
| Transfer | 轉撥 | 9,335 | - | - | - | (9,335) | - |
| Disposals | 出售 | (4,245) | (3,023) | (1,577) | (25,540) | - | (34,385) |
| Exchange differences | 匯兌差額 | 963 | 1,773 | 1,487 | 2,000 | - | 6,223 |
| At 31 December 2019 | 於二零一九年十二月三十一日 | 62,665 | 30,510 | 16,458 | 45,318 | 1,414 | 156,365 |
| Accumulated depreciation and impairment | 累計折舊及減值 | | | | | | |
| At 1 January 2018 | 於二零一八年一月一日 | 14,681 | 12,559 | 2,773 | 39,249 | - | 69,262 |
| Charge for the year | 本年度扣除 | 8,785 | 2,856 | 2,358 | 15,434 | - | 29,433 |
| Disposals | 出售 | - | (10) | (5) | (2,492) | - | (2,507) |
| Impairment | 減值 | 134 | 6,063 | - | - | - | 6,197 |
| Exchange differences | 匯兌差額 | 1,465 | 2,424 | 2,234 | 3,838 | - | 9,961 |
| At 31 December 2018 and 1 January 2019 | 於二零一八年 十二月三十一日及 二零一九年一月一日 | 25,065 | 23,892 | 7,360 | 56,029 | - | 112,346 |
| Charge for the year | 本年度扣除 | 10,828 | 3,627 | 864 | 3,098 | - | 18,417 |
| Disposals | 出售 | - | (1,555) | (410) | (17,686) | - | (19,651) |
| Exchange differences | 匯兌差額 | 3,464 | 2,356 | 2,135 | 1,576 | - | 9,531 |
| At 31 December 2019 | 於二零一九年十二月三十一日 | 39,357 | 28,320 | 9,949 | 43,017 | - | 120,643 |
| Carrying amounts | 賬面金額 | | | | | | |
| At 31 December 2019 | 於二零一九年十二月三十一日 | 23,308 | 2,190 | 6,509 | 2,301 | 1,414 | 35,722 |
| At 31 December 2018 | 於二零一八年十二月三十一日 | 18,931 | 7,819 | 9,188 | 12,829 | 9,335 | 58,102 |

As at 31 December 2019, the Group engaged an independent valuer to determine the fair value of the property, plant and equipment as at 31 December 2019 (the "Fair Value"). In assessing whether impairment is required for the property, plant and equipment, the carrying value is compared with the respective recoverable amount. The Fair Value was determined using the market approach. The recoverable amount used in assessing the impairment loss is the fair value less costs of disposal with reference to the Fair Value. The fair value was under level 3 fair value measurement. After impairment assessment by the management, impairment loss of approximately HK\$Nil (2018: HK\$6,197,000) was recognised.

於二零一九年十二月三十一日，本集團委聘一名獨立估值師釐定物業、廠房及設備於二零一九年十二月三十一日之公平值（「該公平值」）。於評估是否需要就物業、廠房及設備作出減值時，賬面值會與相關可收回金額進行比較。該公平值乃採用市場法釐定。於評估減值虧損時採用之可收回金額乃公平值減出售成本，當中已參照該公平值。公平值屬第3級公平值計量。經管理層進行減值評估後，已確認減值虧損約零港元（二零一八年：6,197,000港元）。

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For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

18. INVESTMENT IN ASSOCIATES

18. 於聯營公司之投資

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|----------------------|--------|----------------------------------|----------------------------------|
| Unlisted investment: | 非上市投資： | | |
| Share of net assets | 應佔資產淨值 | 168,980 | 406,862 |

Details of the Group's associates at 31 December 2019 and 2018 are as follows:

於二零一九年及二零一八年十二月三十一日，本集團聯營公司之詳情如下：

| Name 名稱 | Place of incorporation/ registration 註冊成立/ 註冊地點 | Percentage of the Company's indirect ownership interest 本公司所佔間接 擁有權益之百分比 | | Principal activities 主要業務 |
|--|--|--|---------------|---|
| | | 2019 二零一九年 | 2018 二零一八年 | |
| 深圳南科燃料電池有限公司 Shenzhen SUSTC Fuel Cell Company Limited* | The PRC 中國 | 16.7% | 16.7% | Environmental automobile and related business, the PRC 環保汽車及相關業務·中國 |
| 寧波合資公司 Ningbo Joint Venture* | The PRC 中國 | 18% | 18% | Manufacturing and sales of batteries 生產及銷售電池 |

* For identification purpose only

* 僅供識別

The above associates are accounted for using the equity method in the consolidated financial statements.

上述聯營公司於綜合財務報表內採用權益法入賬。

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18. INVESTMENT IN ASSOCIATES (Continued) 18. 於聯營公司之投資 (續)

Set as below are the summarised financial information of the associates which is accounted for using equity method.

下文載列採用權益法入賬之聯營公司之財務資料概要。

| | | Ningbo Joint Venture 寧波合資公司 | | Shenzhen SUSTC Fuel Cell Company Limited 深圳南科燃料電池有限公司 | |
|---------------------------------------|----------------------|----------------------------------|----------------------------------|---|----------------------------------|
| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
| At 31 December: | 於十二月三十一日： | | | | |
| Non-current assets | 非流動資產 | 393,673 | 441,966 | - | - |
| Current assets | 流動資產 | 525,822 | 1,849,782 | 45,580 | 46,441 |
| Non-current liabilities | 非流動負債 | - | - | (23,996) | (24,450) |
| Current liabilities | 流動負債 | (27) | (51,037) | (734) | (789) |
| Net assets | 資產淨值 | 919,468 | 2,240,711 | 20,850 | 21,202 |
| Group's share of net assets | 本集團應佔淨資產 | 165,504 | 403,328 | 3,476 | 3,534 |
| Year ended 31 December: | 截至十二月三十一日止年度： | | | | |
| Revenue | 收入 | - | - | - | 297 |
| Loss for the year | 本年度虧損 | (1,298,437) | (13,889) | - | (4,101) |
| Other comprehensive loss | 其他全面虧損 | (22,806) | (122,551) | (352) | (1,250) |
| Total comprehensive loss for the year | 本年度全面虧損總額 | (1,321,243) | (136,440) | (352) | (5,351) |
| Dividends received from associates | 已收聯營公司股息 | - | - | - | - |

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19. INVESTMENT IN JOINT VENTURE

19. 於合營企業之投資

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--|-----------------|----------------------------------|----------------------------------|
| Unlisted investments: Share of net assets | 非上市投資： 應佔淨資產 | - | 22,772 |

The following table shows the information of joint venture. The joint venture is accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the HKFRS financial statements of the joint venture.

下表列示合營企業之資料。該合營企業於綜合財務報表內採用權益法入賬。所呈列之財務資料概要以合營企業之香港財務報告準則財務報表為基礎。

| | |
|---|--|
| Name 名稱 | 寧波正道京威控股有限公司 |
| Principal place of business/country of incorporation 主要營業地點／註冊成立國家 | PRC/PRC 中國／中國 |
| Principal activities 主要業務 | Development and sales of motor vehicles and parts 開發及銷售汽車及部件 |
| % of ownership interests/voting rights held by the Group 本集團所持擁有權權益／表決權百分比 | 50%/50% |

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|-----------------------------|------------------|----------------------------------|----------------------------------|
| At 31 December: | 於十二月三十一日： | | |
| Current assets | 流動資產 | - | 45,544 |
| Net assets | 資產淨值 | - | 45,544 |
| Group's share of net assets | 本集團應佔淨資產 | - | 22,772 |

During the year ended 31 December 2019, the Group disposed of its all equity interest held in the 寧波正道京威控股有限公司 at cash consideration of RMB20,000,000 to an independent third party.

於截至二零一九年十二月三十一日止年度，本集團向獨立第三方出售其所持寧波正道京威控股有限公司之全部股權，現金代價為人民幣20,000,000元。

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20. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

20. 按公平值計入其他全面收入之股本投資

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--|------------------|----------------------------------|----------------------------------|
| Equity securities listed outside Hong Kong | 香港境外上市股本證券 | | |
| 上海仁通檔案管理諮詢服務有限公司 | 上海仁通檔案管理諮詢服務有限公司 | - | 15,427 |
| Unlisted equity securities | 非上市股本證券 | | |
| 吉林美來中信木業有限公司 | 吉林美來中信木業有限公司 | 14,031 | 22,996 |
| | | 14,031 | 38,423 |

The above investments are intended to be held for the medium to long-term. Designation of these investments as equity investments at fair value through other comprehensive income can avoid the volatility of the fair value changes of these investments to the profit or loss.

During the year ended 31 December 2019, the Group disposed of its all equity interest held in 上海仁通檔案管理諮詢服務有限公司 (“上海仁通”), incorporated in the PRC and listed in National Equities Exchange and Quotations (stock code: 838518).

During the year ended 31 December 2016, the Group entered into an agreement with an independent third party to acquire the equity interest in 吉林美來中信木業有限公司 (“吉林美來”, together with its subsidiaries as the “Meilai Group”) at a consideration of RMB60,000,000. 吉林美來 is incorporated in the PRC and is an unlisted limited liability company established in the PRC under the PRC Law, which does not have quoted market price in an active market. The Group intends to hold the investment for long-term capital appreciation and has no intention to dispose of the investment in the near future. As at 31 December 2019, the Group holds 5% (2018: 5%) equity interest in 吉林美來.

上述投資擬中長期持有。指定該等投資為按公平值計入其他全面收入之股本投資可避免該等投資於損益之公平值變動出現波動。

於截至二零一九年十二月三十一日止年度，本集團已出售於上海仁通檔案管理諮詢服務有限公司（「上海仁通」）持有之所有股權。上海仁通於中國註冊成立，並在全國中小企業股份轉讓系統上市（股票代碼：838518）。

於截至二零一六年十二月三十一日止年度，本集團與一名獨立第三方訂立協議，以按代價人民幣60,000,000元收購吉林美來中信木業有限公司（「吉林美來」，連同其附屬公司統稱「美來集團」）之股權。吉林美來於中國註冊成立，並根據中國法律於中國成立為一間非上市有限責任公司，其於活躍市場並無市場報價。本集團擬持有該投資以作長期資本增值，且並無於近期出售該投資之意向。於二零一九年十二月三十一日，本集團持有吉林美來之5%（二零一八年：5%）股權。

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21. INTANGIBLE ASSETS

21. 無形資產

| | | Technical knowhow 技術知識 2019 二零一九年 HK\$'000 千港元 |
|--|--------------------------------------|---|
| Cost | 成本 | |
| At 1 January 2018 | 於二零一八年一月一日 | – |
| Additions from dissolution of associate | 因聯營公司解散而添置 | 62,555 |
| At 31 December 2018, 1 January 2019 and 31 December 2019 | 於二零一八年十二月三十一日、二零一九年一月一日及二零一九年十二月三十一日 | 62,555 |
| Accumulated depreciation and impairment | 累計折舊及減值 | |
| At 1 January 2018, 31 December 2018 and 1 January 2019 | 於二零一八年一月一日、二零一八年十二月三十一日及二零一九年一月一日 | – |
| Charge for the year Impairment | 本年度扣除減值 | 62,555 |
| At 31 December 2019 | 於二零一九年十二月三十一日 | 62,555 |
| Carrying amount | 賬面金額 | |
| At 31 December 2019 | 於二零一九年十二月三十一日 | – |
| At 31 December 2018 | 於二零一八年十二月三十一日 | 62,555 |

The title of technical knowhow is transferred from an associate to the Company after dissolution of the associate during the year. The technical knowhow has no foreseeable limit to the period over which the Group can use to generate net cash flows. As a result, the technical knowhow was considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The technical knowhow will not be amortised until their useful life are determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

The Group reviews the recoverable amount of the technical knowhow. Approximately HK\$62,555,000 impairment loss has been recognised in the current year. The recoverable amount of the relevant assets has been determined on the basis of their value in use using discounted cash flow method. The discount rate used is 15.5% (2018:15.5%) (level 3 fair value measurements).

技術知識之所有權於年內本公司一間聯營公司解散後由該聯營公司轉讓予本公司。本集團可使用技術知識產生現金流量淨額之期限並無可預見限制。因此，本集團之管理層視技術知識可用年期為無限，原因為技術知識預期可無限期貢獻現金流入淨額。於可用年期確定為有限前，技術知識不會攤銷。相反，技術知識每年及每當有任何跡象顯示可能已出現減值時進行減值測試。

本集團會檢討技術知識之可收回金額。本年度已確認減值虧損約62,555,000港元。相關資產之可收回金額乃以貼現現金流量法按使用價值釐定。所用貼現率為15.5%（二零一八年：15.5%）（第三級公平值計量）。

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22. PREPAYMENTS

22. 預付款

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---|-----------|----------------------------------|----------------------------------|
| Prepayment for: | 下列項目之預付款： | | |
| – Research and developments projects for motor vehicles | – 汽車研發項目 | – | 98,370 |

23. RIGHT-OF-USE ASSETS

23. 使用權資產

At 31 December:

於十二月三十一日：

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--|--------------------------|----------------------------------|----------------------------------|
| Right-of-use assets | 使用權資產 | | |
| – Land and buildings | – 土地及樓宇 | – | – |
| The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows: | 基於未貼現現金流量之本集團租賃負債到期分析如下： | | |
| – Less than 1 year | – 少於1年 | 14,430 | – |
| – Between 1 and 2 years | – 1至2年 | 10,368 | – |
| | | 24,798 | – |
| Year ended 31 December: | 截至十二月三十一日止年度： | | |
| Depreciation charge of right-of-use assets | 使用權資產之折舊支出 | | |
| – Land and buildings | – 土地及樓宇 | 15,568 | – |
| Lease interests | 租賃利息 | 1,726 | – |
| Expenses related to short-term leases | 有關短期租賃之開支 | 4,696 | – |
| Total cash outflow for leases | 租賃之現金流出總額 | 16,640 | – |
| Additions to right-of-use assets | 添置使用權資產 | 5,582 | – |
| Cancellation of right-of-use assets | 註銷使用權資產 | 7,473 | – |
| Impairment of right-of-use assets | 使用權資產減值 | 23,223 | – |

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23. RIGHT-OF-USE ASSETS (Continued)

The Group leases various land and buildings. Lease agreements are typically made for fixed periods of 2 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes. The Group assessed the recoverable amount of right-of-use assets and approximately of HK\$23,223,000 impairment loss has been recognised in the current year.

23. 使用權資產 (續)

本集團租賃多項土地及樓宇。租賃協議通常按2至3年之固定租期制訂。租賃條款按個別基準磋商，當中包含多種不同之條款及條件。租賃協議並無施加任何契諾，租賃資產亦不可用作借貸之抵押。本集團已評估使用權資產之可收回金額，並於本年度確認減值虧損約23,223,000港元。

24. INVENTORIES

| | |
|----------------|-----|
| Raw materials | 原材料 |
| Finished goods | 製成品 |
| Consumables | 消耗品 |

24. 存貨

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--|--|----------------------------------|----------------------------------|
| | | 3,162 | 10,369 |
| | | 1,184 | 1,745 |
| | | 51 | 126 |
| | | 4,397 | 12,240 |

25. TRADE AND OTHER RECEIVABLES

| | |
|--------------------------------|-----------|
| Trade receivables | 應收貿易款項 |
| Less: impairment losses | 減：減值虧損 |
| Prepayment to a supplier | 預付一名供應商款項 |
| Prepayments to others | 預付其他方款項 |
| Deposits and other receivables | 按金及其他應收款 |
| Amounts due from directors | 應收董事款項 |

25. 應收貿易款項及其他應收款

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--|--|----------------------------------|----------------------------------|
| | | – | 790 |
| | | – | – |
| | | – | 790 |
| | | 332,641 | 333,918 |
| | | 8,319 | 131,346 |
| | | 131,285 | 30,132 |
| | | 5,493 | 1,868 |
| | | 477,738 | 498,054 |

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25. TRADE AND OTHER RECEIVABLES (Continued)

In 2018, included in prepayments to others mainly represent amount prepaid for research and development projects of approximately HK\$106,932,000, and prepayment for other expenses.

As at 31 December 2019, included in other receivables are mainly i) approximately HK\$23,000,000 which are receivables from disposal of investments in joint venture, ii) approximately HK\$71,010,000 which are receivables incurred from the profits guaranteed arrangement which is secured by equity interest of the debtor and iii) other loans receivables of approximately HK\$13,106,000 (2018: HK\$17,106,000) which carry interest rate at 4.35% to 6% (2018: 4.35% to 6%) per annum, repayable within one year and is secured by equity interest of the debtor, being an unlisted limited liability company and its own shares of a listed limited liability company, and guarantees provided by the related parties of the debtor. The directors of the Company monitored the collectability of these receivables closely with reference to their respective current creditworthiness and repayment records. As at 31 December 2019, all these receivables were neither past due nor impaired. The management believes that no impairment allowance is necessary in respect of the these receivables as they are considered fully recoverable.

Amounts due from directors are unsecured, interest-free and repayable on demand.

Trade receivables

The Group allows an average credit period of 30 to 90 days to its trade customers. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

25. 應收貿易款項及其他應收款 (續)

於二零一八年，預付其他方款項主要包括研發項目之預付款項約106,932,000港元及其他開支之預付款。

於二零一九年十二月三十一日，其他應收款主要包括i)出售於合營企業投資之應收款約23,000,000港元；ii)溢利保證安排產生之應收款約71,010,000港元，以債務人之股權抵押；及iii)其他應收貸款約13,106,000港元（二零一八年：17,106,000港元），按年利率4.35%至6%（二零一八年：4.35%至6%）計息，須於一年內償還，並以債務人（為一間非上市有限責任公司）之股權及一間上市有限責任公司本身之股份以及債務人多名關聯方提供之擔保作抵押。本公司董事參照該等應收款各自之當前信譽及還款紀錄，密切監察該等應收款之可收回性。於二零一九年十二月三十一日，所有該等應收款均未逾期亦未減值。管理層相信，由於該等應收款被視為可悉數收回，故無需就該等應收款作出減值備抵。

應收董事款項為無抵押、免息及須按要求償還。

應收貿易款項

本集團向貿易客戶提供30至90天之平均信貸期。每一名客戶均受最高信貸限額限制。新客戶一般須預付款項。本集團致力對未收回之應收款維持嚴密監控。董事定期審閱逾期結餘。

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25. TRADE AND OTHER RECEIVABLES (Continued)

Trade receivables (Continued)

The aging analysis of trade receivables, based on invoiced date, and net of allowance, is as follows:

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--------------|-------|----------------------------------|----------------------------------|
| 0 to 30 days | 0至30天 | - | 790 |
| | | - | 790 |

As at 31 December 2019, all trade receivables were neither past due nor impaired. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there are no significant change in their respective credit quality and the balances are still considered fully recoverable.

26. DERIVATIVE FINANCIAL INSTRUMENT

Pursuant to the capital injection into the Meilai Group, which classified as equity investments at fair value through other comprehensive income, during the year ended 31 December 2016, certain shareholders of Meilai Group (the "Guarantors") covenanted and guaranteed to the Company that the audited consolidated net profit after tax of the Meilai Group shall not be less than the profit targets as summarised below:

- (i) for the year ended 31 December 2016 shall be no less than RMB160 million (the "2016 Whole Year Guaranteed Profit"), with accumulated target net profit of RMB160 million;
- (ii) for the year ended 31 December 2017 shall be no less than RMB290 million (the "2017 Whole Year Guaranteed Profit"), with accumulated target net profit of RMB450 million; and

25. 應收貿易款項及其他應收款 (續)

應收貿易款項 (續)

應收貿易款項 (已扣除備抵) 基於發票日期之賬齡分析如下:

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--------------|-------|----------------------------------|----------------------------------|
| 0 to 30 days | 0至30天 | - | 790 |
| | | - | 790 |

於二零一九年十二月三十一日，所有應收貿易款項均未逾期亦未減值。基於過往經驗，管理層相信，由於該等結餘各自之信貸質素並無重大變動，且該等結餘仍被視為可悉數收回，故無需就該等結餘作出減值備抵。

26. 衍生金融工具

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--------------------------------|--------|----------------------------------|----------------------------------|
| Profits guaranteed arrangement | 溢利保證安排 | - | 55,018 |

根據向美來集團之注資 (分類為按公平價值計入其他全面收入之股本投資)，於截至二零一六年十二月三十一日止年度，美來集團之若干股東 (「保證人」) 向本公司契諾及保證美來集團之經審核綜合除稅後純利將不會少於下文概述之溢利目標:

- (i) 截至二零一六年十二月三十一日止年度，不會少於人民幣160,000,000元 (「二零一六年全年保證溢利」)，累計目標純利為人民幣160,000,000元;
- (ii) 截至二零一七年十二月三十一日止年度，不會少於人民幣290,000,000元 (「二零一七年全年保證溢利」)，累計目標純利為人民幣450,000,000元; 及

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For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

26. DERIVATIVE FINANCIAL INSTRUMENT (Continued) 26. 衍生金融工具(續)

(iii) for the year ended 31 December 2018 shall be no less than RMB470 million (the “**2018 Whole Year Guaranteed Profit**”), with accumulated target net profit of RMB920 million.

In the event that the actual net profit is less than the target net profit, the Guarantors shall pay the Company on a dollar-for-dollar basis based on the formula as stipulated in the investment agreement.

Additionally, if Meilai Group successfully completes the listing of its shares or the corporate restructuring for its proposed listing on or before 30 June 2018, the Profit Guarantee will lapse automatically.

The fair value of the profit guarantee was approximately HK\$55,018,000 as at 31 December 2018, which was determined by the directors of the Company by reference to the valuation performed by Royson Valuation Advisory Limited based on expected cash flow method in which the cash flow for each year represents the difference between the guaranteed profit and the projected net profit. The directors of the Company estimated the projected net profits of the acquired available for sale financial assets under three different scenarios with respective scenario probabilities. The fair value of the profit guarantee was the probability-weighted average of the present values of the shortfalls between the guaranteed profits and the projected net profits under the three scenarios. The changes in fair value of the derivative financial instrument were recognised in the consolidated statement of profit or loss and other comprehensive income during the years ended 31 December 2018.

During the year ended 31 December 2019, profits guaranteed arrangement has been reclassified to other receivables. The fair value change of approximately HK\$18,737,000 was recognised in the consolidated statement of profit or loss and other comprehensive income during the years ended 31 December 2019.

(iii) 截至二零一八年十二月三十一日止年度，不會少於人民幣470,000,000元(「**二零一八年全年保證溢利**」)，累計目標純利為人民幣920,000,000元。

倘實際純利少於目標純利，則保證人將根據投資協議訂明之算式按等額基準向本公司付款。

再者，倘美來集團於二零一八年六月三十日或之前成功完成將其股份上市或為其建議上市進行之公司重組，則溢利保證將自動失效。

於二零一八年十二月三十一日，溢利保證之公平值約為55,018,000港元，乃由本公司董事參考匯辰評估諮詢有限公司以預期現金流量法進行之估值後釐定。於預期現金流量法中，每年之現金流量指保證溢利與預測純利之差額。本公司董事根據三個不同情況估計所收購可供出售金融資產之預測純利及各個情況之概率。溢利保證之公平值乃保證溢利與該三個情況下之預測純利之間不足之數現值之概率加權平均數。於截至二零一八年十二月三十一日止年度，衍生金融工具之公平值變動已於綜合損益及其他全面收益表確認。

於截至二零一九年十二月三十一日止年度，溢利保證安排重新分類為其他應收款。截至二零一九年十二月三十一日止年度，公平值變動約18,737,000港元已於綜合損益及其他全面收益表確認。

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27. BANK AND CASH BALANCES

As at 31 December 2019, the bank and cash balances of the Group denominated in RMB amounted to approximately HK\$880,155 (2018: approximately HK\$14,925,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

28. TRADE AND OTHER PAYABLES

27. 銀行及現金結餘

於二零一九年十二月三十一日，本集團以人民幣計值之銀行及現金結餘約為880,155港元（二零一八年：約14,925,000港元）。兌換人民幣為外幣須遵守中國外匯管制規例。

28. 應付貿易款項及其他應付款

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|-----------------------------|------------|----------------------------------|----------------------------------|
| Trade payables | 應付貿易款項 | 5,951 | 7,615 |
| Accruals and other payables | 應計費用及其他應付款 | 111,041 | 53,164 |
| Amount due to directors | 應付董事款項 | 3,500 | 391 |
| | | 120,492 | 61,170 |

Trade payables

The aging analysis of the trade payables, based on the date of receipt of goods, is as follows:

應付貿易款項

應付貿易款項基於收取貨品日期之賬齡分析如下：

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|-----------------|----------|----------------------------------|----------------------------------|
| 181 to 360 days | 181至360天 | - | 49 |
| Over 360 days | 超過360天 | 5,951 | 7,566 |
| | | 5,951 | 7,615 |

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For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

29. LEASE LIABILITIES

29. 租賃負債

| | | Lease payments 租賃款項 | | Present value of lease payments 租賃款項現值 | |
|---|--------------------------------------|----------------------------------|----------------------------------|--|----------------------------------|
| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
| Within one year | 一年內 | 14,430 | - | 13,605 | - |
| In the second to fifth years, inclusive | 第二至第五年 (包括首尾兩年) | 10,368 | - | 10,169 | - |
| | | 24,798 | - | | |
| Less: Future finance charges | 減：未來融資支出 | (1,024) | - | | |
| Present value of lease liabilities | 租賃負債現值 | 23,774 | - | 23,774 | - |
| Less: Amount due for settlement within 12 months (shown under current liabilities) | 減：於12個月內到期 償付之金額 (列於流動 負債下) | | | (13,605) | - |
| Amount due for settlement after 12 months | 於12個月後到期 償付之金額 | | | 10,169 | - |

At 31 December 2019, the average effective borrowing rate was 4.7%. Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

於二零一九年十二月三十一日，平均實際借貸利率為4.7%。利率於合約日期固定，因此本集團面對公平值利率風險。

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For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

30. RETIREMENT BENEFIT OBLIGATIONS

Employee retirement benefits

The Group operates a mandatory provident fund scheme (the “MPF Scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer makes contributions to the scheme at 5% – 10% and employees are required to make 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. Mandatory contributions to the MPF Scheme vest immediately.

Subsidiaries incorporated in the PRC participate in various defined contribution retirement plans (“Plans”) organised by local authorities for the Group’s employees in the PRC. The subsidiaries are required to contribute, based on a certain percentage of the basic payroll, to the Plans. The Group has no other obligation for the payment of pension benefits associated with these Plans beyond the annual contributions described above.

31. SHARE CAPITAL

Authorised:

Ordinary shares of HK\$0.1 each at 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019

法定：

於二零一八年一月一日、二零一八年十二月三十一日、二零一九年一月一日及二零一九年十二月三十一日每股面值0.1港元之普通股

僱員退休福利

本集團根據香港強制性公積金計劃條例為香港所有合資格僱員營辦一項強制性公積金計劃（「強積金計劃」）。強積金計劃乃一個由獨立信託人管理之界定供款退休計劃。根據強積金計劃，僱主按僱員相關收入之5%至10%向計劃供款，而僱員則須按5%供款，每月相關收入上限為30,000港元。強積金計劃之強制性供款即時歸屬。

於中國註冊成立之附屬公司為本集團之中國僱員參與由地方機關籌辦之不同界定供款退休計劃（「該等計劃」）。該等附屬公司須根據基本薪資之若干百分比向該等計劃供款。除上述年度供款外，本集團並無其他與該等計劃有關之退休金福利付款責任。

30. 退休福利責任

31. 股本

| | Number of shares 股份數目 | Amount 金額 HK\$'000 千港元 |
|--|--------------------------|---------------------------------|
| | 800,000,000,000 | 80,000,000 |

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31. SHARE CAPITAL (Continued)

31. 股本 (續)

| | | Number of shares 股份數目 | Amount 金額 HK\$'000 千港元 |
|--|---|-----------------------------|---------------------------------|
| | Notes 附註 | | |
| Issued and fully paid: | 已發行及繳足: | | |
| Ordinary shares of HK\$0.1 each at 1 January 2018, | 於二零一八年一月一日 每股面值0.1港元之普通股 | 20,337,872,747 | 2,033,787 |
| Shares issued under share option schemes | 根據購股權計劃發行股份 | (a) 15,000,000 | 1,500 |
| Ordinary shares of HK\$0.1 each at 31 December 2018, 1 January 2019 and 31 December 2019 | 於二零一八年十二月三十一日、二零一九年一月一日及二零一九年十二月三十一日 每股面值0.1港元之普通股 | 20,352,872,747 | 2,035,287 |

(a) During the year ended 31 December 2018, 15,000,000 share options were exercised under the share option scheme at the price of HK\$0.114 per share respectively. Accordingly, the Company's issued share capital was increased by approximately HK\$1,500,000 and its share premium account was increased by approximately HK\$1,013,000, after charge from the share-based payment reserve of approximately HK\$803,000.

(a) 於截至二零一八年十二月三十一日止年度，15,000,000份購股權根據購股權計劃按每股0.114港元之價格獲行使。因此，自以股份支付之款項儲備扣除約803,000港元後，本公司之已發行股本增加約1,500,000港元，其股份溢價賬則增加約1,013,000港元。

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

本集團管理資本之目標乃保障本集團持續經營之能力，並透過優化債項與權益結餘間之平衡，為股東創造最大回報。

The Group reviews the capital structure frequently by considering the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts, redemption of existing debts or selling assets to reduce debts in order to maintain sufficiency of working capital.

本集團經常考慮資本成本及與各類資本相關之風險，以檢討資本架構。本集團將透過派息、發行新股份及股份回購、發行新債項、贖回現有債項或出售資產減債，保有充裕之營運資金，維持其整體資本架構平衡。

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32. RESERVES

(a) The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) Reserves of the Company

| | | Share premium | Contributed surplus | Share-based payment reserve | Accumulated losses | Total |
|---|------------------|---------------|---------------------|-----------------------------|--------------------|-------------|
| | | 股份溢價 | 繳入盈餘 | 以股份支付之款項儲備 | 累計虧損 | 總計 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 | 千港元 |
| At 1 January 2018 | 於二零一八年一月一日 | 2,122,201 | 94,601 | 394,144 | (3,170,305) | (559,359) |
| Recognition of equity settled share-based payment | 確認以權益結算並以股份支付之款項 | 1,013 | - | (803) | - | 210 |
| Lapsed of share options | 購股權失效 | - | - | (1,820) | 1,820 | - |
| Loss for the year | 本年度虧損 | - | - | - | (244,431) | (244,431) |
| At 31 December 2018 | 於二零一八年十二月三十一日 | 2,123,214 | 94,601 | 391,521 | (3,412,916) | (803,580) |
| At 1 January 2019 | 於二零一九年一月一日 | 2,123,214 | 94,601 | 391,521 | (3,412,916) | (803,580) |
| Lapsed of share options | 購股權失效 | - | - | (9,998) | 9,998 | - |
| Loss for the year | 本年度虧損 | - | - | - | (693,499) | (693,499) |
| At 31 December 2019 | 於二零一九年十二月三十一日 | 2,123,214 | 94,601 | 381,523 | (4,096,417) | (1,497,079) |

(c) Nature and purpose of reserves

(i) Share premium account

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not distributable but may be applied in paying up unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premiums payable on repurchase of shares.

32. 儲備

(a) 本集團儲備金額及其變動於綜合損益及其他全面收益表以及綜合權益變動表呈列。

(b) 本公司儲備

(c) 儲備性質及目的

(i) 股份溢價賬

股份溢價指按超出每股面值之價格發行股份所產生之溢價，屬不可分派，惟可用於繳足將向本公司股東發行作為繳足股款紅股之本公司未發行股份之股款，或於購回股份時作為應付溢價。

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32. RESERVES (Continued)

(c) Nature and purpose of reserves (Continued)

(ii) *Contributed surplus*

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of the subsidiaries at the date on which they were acquired by the Company, and the nominal amount of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1995.

Under the applicable laws of Bermuda, the contributed surplus account of a company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- it is, or would after the payment be, unable to pay its liabilities as they become due; or
- the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

(iii) *Translation reserve*

The translation reserve has been established and dealt with in accordance with the accounting policy adopted for foreign currency translation.

(iv) *Share-based payment reserve*

The share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees and consultants of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 4 to the consolidated financial statements.

32. 儲備 (續)

(c) 儲備性質及目的 (續)

(ii) *繳入盈餘*

本公司之繳入盈餘乃於本公司收購附屬公司當日該等附屬公司之綜合股東資金與於本公司股份在一九九五年上市前進行集團重組時為收購而發行之本公司股份面額間之差額。

根據百慕達適用法律，一間公司之繳入盈餘賬可供分派。然而，倘出現以下情況，則本公司不得從繳入盈餘宣派或派付股息或作出分派：

- 本公司無力或將於派付後無力支付到期負債；或
- 本公司資產之可變現值因此低於其負債與其已發行股本及股份溢價賬之總額。

(iii) *換算儲備*

換算儲備已根據就外幣換算採納之會計政策設立及處理。

(iv) *以股份支付之款項儲備*

以股份支付之款項儲備指根據綜合財務報表附註4就以權益結算並以股份支付之款項採納之會計政策所確認已向本集團僱員及顧問授出之實際或估計未行使購股權數目之公平值。

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33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY 33. 本公司財務狀況表

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---|--------------|----------------------------------|----------------------------------|
| Non-current assets | 非流動資產 | | |
| Property, plant and equipment | 物業、廠房及設備 | 1,619 | 3,393 |
| Investments in subsidiaries | 於附屬公司之投資 | 27,678 | 27,678 |
| | | 29,297 | 31,071 |
| Current assets | 流動資產 | | |
| Amounts due from subsidiaries | 應收附屬公司款項 | 538,671 | 1,200,229 |
| Prepayments, deposits and other receivables | 預付款、按金及其他應收款 | 4,778 | 11,966 |
| Bank and cash balances | 銀行及現金結餘 | 1,045 | 920 |
| | | 544,494 | 1,213,115 |
| Current liabilities | 流動負債 | | |
| Accruals and other payables | 應計費用及其他應付款 | 35,583 | 12,479 |
| Net current assets | 流動資產淨值 | 508,911 | 1,200,636 |
| NET ASSETS | 資產淨值 | 538,208 | 1,231,707 |
| Capital and reserves | 資本及儲備 | | |
| Share capital | 股本 | 2,035,287 | 2,035,287 |
| Reserves | 儲備 | (1,497,079) | (803,580) |
| TOTAL EQUITY | 權益總額 | 538,208 | 1,231,707 |

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34. SHARE-BASED PAYMENTS

The Company operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants include the full-time and part-time employees, executives, officers, directors, business consultants, agents, and legal and financial advisers of the Company and the Company’s subsidiaries. The Scheme became effective on 13 June 2013 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares issuable under unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders’ approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company’s shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

34. 以股份支付之款項

本公司營辦一項購股權計劃（「該計劃」），旨在向為本集團成功經營作出貢獻之合資格參與者提供獎勵及回報。合資格參與者包括本公司及本公司附屬公司之全職及兼職僱員、行政人員、高級職員、董事、業務顧問、代理以及法律及財務顧問。該計劃由二零一三年六月十三日起生效，除非另行取消或修訂，否則將由該日起一直有效10年。

現時根據該計劃獲准授出之未行使購股權於購股權獲行使時可發行股份之最高數目為相當於任何時間本公司已發行股份10%之數額。於任何12個月期間內根據購股權可向該計劃每名合資格參與者發行之最高股份數目以任何時間本公司已發行股份之1%為限。進一步授出超過此限額之購股權須於股東大會上經由股東批准。

向本公司某一董事、最高行政人員或主要股東或彼等任何聯繫人授出購股權，須事先經由獨立非執行董事批准。再者，於任何12個月期間內，向本公司某一主要股東或獨立非執行董事或彼等任何聯繫人授出超過任何時間本公司已發行股份0.1%或總值（按於授出日期本公司股份價格計算）超過5,000,000港元之任何購股權，須事先於股東大會上經由股東批准。

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34. SHARE-BASED PAYMENTS (Continued)

34. 以股份支付之款項(續)

The offer of a grant of share options may be accepted within 14 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than five years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

授出購股權之要約可於由要約日期起計14天內接納，而承授人於當時須支付合共1港元之名義代價。已授出購股權之行使期可由董事釐定，並於若干歸屬期間後開始，直至由購股權要約日期起不超過五年當日或該計劃屆滿日期（以較早者為準）為止。

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer.

購股權之行使價可由董事釐定，惟不得低於(i)本公司股份於購股權要約日期之聯交所收市價；(ii)本公司股份於緊接要約日期前五個交易日之平均聯交所收市價；及(iii)本公司股份於要約日期之面值（以最高者為準）。

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

購股權並無賦予其持有人享有股息或於股東大會上投票之權利。

Details of the specific categories of options are as follows:

購股權之特定類別詳情如下：

| | Date of grant 授出日期 | Exercise period 行使期 | Exercise price 行使價 |
|---------|-----------------------|--------------------------------------|-----------------------|
| 2008 | 6 February 2008 | 6 February 2008 to 5 February 2018 | HK\$0.1140 |
| 2008 | 二零零八年二月六日 | 二零零八年二月六日至二零一八年二月五日 | 0.1140港元 |
| 2012(b) | 4 December 2012 | 1 January 2015 to 3 December 2022 | HK\$0.1200 |
| 2012(b) | 二零一二年十二月四日 | 二零一五年一月一日至二零二二年十二月三日 | 0.1200港元 |
| 2013 | 6 September 2013 | 6 September 2013 to 5 September 2023 | HK\$0.1080 |
| 2013 | 二零一三年九月六日 | 二零一三年九月六日至二零二三年九月五日 | 0.1080港元 |
| 2014(a) | 29 July 2014 | 29 July 2014 to 28 July 2024 | HK\$0.1136 |
| 2014(a) | 二零一四年七月二十九日 | 二零一四年七月二十九日至二零二四年七月二十八日 | 0.1136港元 |
| 2014(b) | 20 November 2014 | 20 November 2014 to 19 November 2024 | HK\$0.2010 |
| 2014(b) | 二零一四年十一月二十日 | 二零一四年十一月二十日至二零二四年十一月十九日 | 0.2010港元 |
| 2015 | 14 July 2015 | 14 July 2015 to 13 July 2025 | HK\$0.3950 |
| 2015 | 二零一五年七月十四日 | 二零一五年七月十四日至二零二五年七月十三日 | 0.3950港元 |
| 2016 | 9 December 2016 | 9 December 2016 to 8 December 2026 | HK\$0.2280 |
| 2016 | 二零一六年十二月九日 | 二零一六年十二月九日至二零二六年十二月八日 | 0.2280港元 |
| 2017 | 20 January 2017 | 20 January 2017 to 19 January 2027 | HK\$0.1872 |
| 2017 | 二零一七年一月二十日 | 二零一七年一月二十日至二零二七年一月十九日 | 0.1872港元 |

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

34. SHARE-BASED PAYMENTS (Continued)

On 29 November 2016, the Company granted 200,000,000 share options to a consultant in exchange for services. Up to the year ended 31 December 2019, the services have not yet provided by the consultant and the services period has been expired; therefore no recognition of the fair value of the services received for the year ended 31 December 2018 and 2019.

Details of the share options outstanding during the year are as follows:

34. 以股份支付之款項(續)

於二零一六年十一月二十九日，本公司向一名顧問授出200,000,000份購股權，以換取服務。直至截至二零一九年十二月三十一日止年度為止，該顧問尚未提供有關服務而服務期已屆滿，因此截至二零一八年及二零一九年十二月三十一日止年度並無確認已收取服務之公平值。

年內尚未行使之購股權之詳情如下：

| | | 2019 二零一九年 | | 2018 二零一八年 | |
|---|---------|---|-------|-------------------------------------|---|
| | | Weighted average exercise price 加權平均 行使價 HK\$ 港元 | | Number of share options 購股權數目 | Weighted average exercise price 加權平均 行使價 HK\$ 港元 |
| Outstanding at the beginning of the year | 於年初尚未行使 | 1,817,000,000 | 0.219 | 1,866,000,000 | 0.216 |
| Exercised during the year | 於年內行使 | - | - | (15,000,000) | 0.114 |
| Expired during the year | 於年內到期 | (50,000,000) | 0.201 | (34,000,000) | 0.114 |
| Outstanding at the end of the year | 於年末尚未行使 | 1,767,000,000 | 0.219 | 1,817,000,000 | 0.219 |

The weighted average share price at the date of exercise for share options exercised during the year was HK\$nil (2018: HK\$0.146). The options outstanding at the end of the year have a weighted average remaining contractual life of 4.74 years (2018: 5.6 years) and the exercise prices range from HK\$0.108 to HK\$0.395 (2018: HK\$0.108 to HK\$0.395).

於年內行使之購股權於行使日期之加權平均股價為零港元(二零一八年: 0.146港元)。於年末尚未行使之購股權之加權平均剩餘合約年期為4.74年(二零一八年: 5.6年)，而行使價介乎0.108港元至0.395港元(二零一八年: 0.108港元至0.395港元)。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY 35. 本公司主要附屬公司之詳情

The table below lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the financial position of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Particulars of the Company's principal subsidiaries at the end of the reporting period are as follows:

下表載列董事認為對本年度業績有重要影響或組成本集團財務狀況主要部分之本公司附屬公司。董事認為，提供其他附屬公司之詳情會使內容過於冗長。

於報告期末，本公司主要附屬公司之詳情如下：

| Name | Place of incorporation/ registration | Issued/paid-up registered capital | Percentage of the ownership interest/ voting power | Principal activities |
|---|--------------------------------------|--|--|--|
| 名稱 | 註冊成立/ 登記地點 | 已發行/ 繳足註冊股本 | 所佔擁有權 權益/ 表決權 百分比 | 主要業務 |
| American Compass Inc. | US 美國 | Ordinary US\$17,000,000 普通股 17,000,000美元 | 100%* | Investment holding 投資控股 |
| Billion Energy Holdings Limited 兆能集團有限公司 | Hong Kong 香港 | HK\$1 1港元 | 100% | Investment holding 投資控股 |
| HK Battery Technology Inc. | US 美國 | Ordinary US\$109,532 普通股 109,532美元 | 99.9% | Development of high-tech electric motor vehicles 開發高科技電動車 |
| 連雲港正道新能源有限公司 (Lianyungang Hybrid Kinetic New Energy Co., Limited) | The PRC 中國 | Registered capital of US\$27,000,000 註冊資本 27,000,000美元 | 60.21% | Development of advanced battery materials 開發先進電池材料 |
| 連雲港正強新能源汽車銷售 有限公司 | The PRC 中國 | Registered capital of RMB5,000,000 註冊資本 人民幣5,000,000元 | 100% | Sales of high-tech electric motor vehicles and components and provision of after-sale services 銷售高科技電動車及配件， 以及提供售後服務 |
| 上海正道融資租賃有限公司 | The PRC 中國 | Registered capital of RMB30,000,000 註冊資本 人民幣30,000,000元 | 100% | Provision of finance lease services 提供融資租賃服務 |

* Shares held directly by the Company

* 股份由本公司直接持有

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

35. 本公司主要附屬公司之詳情 (續)

The following table shows information of subsidiaries that have non-controlling interests ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

下表列示擁有對本集團而言屬重大之非控股權益之附屬公司資料。財務資料概要乃進行公司間對銷前之金額。

| | | Lianyungang Hybrid Kinetic New Energy Co., Limited 連雲港正道新能源有限公司 | |
|--|-------------------------|--|-------------------------|
| | | 2019 二零一九年 | 2018 二零一八年 |
| Principal place of business/ country of incorporation | 主要營業地點／註冊成立國家 | The PRC 中國 | |
| % of ownership interests/ voting rights held by NCI | 非控股權益持有之 擁有權權益／表決權 % | 39.79% | 39.79% |
| | | HK\$'000 千港元 | HK\$'000 千港元 |
| At 31 December: | 於十二月三十一日： | | |
| Non-current assets | 非流動資產 | 561 | 3,424 |
| Current assets | 流動資產 | 87,430 | 88,020 |
| Current liabilities | 流動負債 | (13,533) | (14,686) |
| Net assets | 資產淨值 | 74,458 | 76,758 |
| Accumulated NCI | 累計非控股權益 | 29,627 | 30,542 |
| Year ended 31 December: | 截至十二月三十一日止年度： | | |
| Loss for the year | 本年度虧損 | (891) | (865) |
| Total comprehensive income | 全面收益總額 | (1,410) | (2,853) |
| Loss for the year allocated to NCI | 分配至非控股權益之 本年度虧損 | (355) | (344) |
| Net cash used in operating activities | 經營活動所用現金淨額 | (500) | (470) |
| Net cash used in investing activities | 投資活動所用現金淨額 | (2) | (262) |
| Net decrease in cash and cash equivalents | 現金及現金等價物減少淨額 | (502) | (732) |

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

36. 綜合現金流量表附註

Changes in liabilities arising from financing activities

The following table shows the Company changes in liabilities arising from financing activities during the year:

因融資活動而產生之負債變動

下表列示本公司年內因融資活動而產生之負債變動：

| | | Lease liabilities |
|-----------------------|---------------|--------------------------|
| | | 租賃負債 |
| | | HK\$000 |
| | | 千港元 |
| At 1 January 2019 | 於二零一九年一月一日 | 40,682 |
| Changes in cash flows | 現金流量變動 | (16,640) |
| Non-cash changes | 非現金變動 | |
| – addition | – 增加 | 5,582 |
| – interest charged | – 利息支出 | 1,726 |
| – cancellation | – 註銷 | (7,576) |
| At 31 December 2019 | 於二零一九年十二月三十一日 | 23,774 |

37. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

37. 批准綜合財務報表

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 28 May 2020.

綜合財務報表已於二零二零年五月二十八日獲董事會批准及授權刊發。

Financial Summary

財務概要

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and reclassified as appropriate, is set out below:

下文載列本集團最近五個財政年度之業績以及資產及負債概要，乃摘錄自己發表之經審核財務報表，並已重新分類（如適用）：

| | | For the year ended 31 December 截至十二月三十一日止年度 | | | | |
|-------------------------------|--------------|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | 2015 二零一五年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 | 2019 二零一九年 HK\$'000 千港元 |
| RESULTS | 業績 | | | | | |
| Revenue | 收入 | 44,945 | 15,529 | 35,434 | 61,250 | 16,342 |
| Loss before tax | 除稅前虧損 | (355,281) | (358,740) | (325,305) | (289,811) | (643,846) |
| Income tax expense | 所得稅開支 | (1,046) | (805) | (360) | (18) | - |
| Loss for the year | 本年度虧損 | (356,327) | (359,545) | (325,665) | (289,829) | (643,846) |
| Attributable to: | 以下人士應佔： | | | | | |
| Owners of the Company | 本公司擁有人 | (350,517) | (355,303) | (322,290) | (288,571) | (644,022) |
| Non-controlling interests | 非控股權益 | (5,810) | (4,242) | (3,375) | (1,258) | 176 |
| | | (356,327) | (359,545) | (325,665) | (289,829) | (643,846) |
| | | As at 31 December 於十二月三十一日 | | | | |
| | | 2015 二零一五年 HK\$'000 千港元 | 2016 二零一六年 HK\$'000 千港元 | 2017 二零一七年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 | 2019 二零一九年 HK\$'000 千港元 |
| ASSETS AND LIABILITIES | 資產及負債 | | | | | |
| Total assets | 資產總值 | 2,321,701 | 1,909,963 | 1,660,675 | 1,300,218 | 711,742 |
| Total liabilities | 負債總額 | (41,675) | (48,545) | (61,827) | (61,170) | (144,266) |
| Net assets | 資產淨值 | 2,280,026 | 1,861,418 | 1,598,848 | 1,239,048 | 567,476 |
| Equity attributable to: | 以下人士應佔權益： | | | | | |
| Owners of the Company | 本公司擁有人 | 2,243,571 | 1,827,339 | 1,561,628 | 1,209,437 | 538,208 |
| Non-controlling interests | 非控股權益 | 36,455 | 34,079 | 37,220 | 29,611 | 29,268 |
| | | 2,280,026 | 1,861,418 | 1,598,848 | 1,239,048 | 567,476 |



HYBRID KINETIC GROUP LIMITED
正道集團有限公司