比速科技集團國際有限公司

Bisu Technology Group International Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1372)

UNAUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the "**Board**") of directors (the "**Directors**") of Bisu Technology Group International Limited (the "**Company**") hereby announces the unaudited consolidated financial results of the Company and its subsidiaries (collectively refer to as the "**Group**") for the year ended 31 December 2019, together with comparative audited figures for the year ended 31 December 2018.

The Board would like to emphasise that the financial information of the Group for the year ended 31 December 2019 contained in this announcement has not been audited or reviewed by the auditor of the Company, Zenith CPA Limited, as the auditing process for the Group's annual results for the year ended 31 December 2019 was unable to complete by 31 March 2020 due to the COVID-19 outbreak. For more information, please refer to the section headed "Review of Unaudited Annual Results" in this announcement.

FINANCIAL HIGHLIGHTS

	Year ended 31 December 2019 ***HK$'000*** **(unaudited)**	Year ended 31 December 2018 *HK$'000* (audited)
Revenue	**459,109**	743,414
Gross (loss)/profit	**(52,556)**	11,782
Gross (loss)/profit margin	**(11.4%)**	1.6%
Loss attributable to owners of the parent	**(905,423)**	(703,767)
Total assets	**439,095**	1,307,390
Total liabilities	**1,413,850**	1,400,349
Net liabilities	**(974,755)**	(92,959)
Gearing ratio	**N/A***	N/A*

* The gearing ratios as at 31 December 2018 and 2019 are not available because the Group reported negative equity attributable to owners of the parent as at 31 December 2018 and 2019.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2019

	Notes	2019 HK$'000 (unaudited)	2018 HK$'000 (audited)
REVENUE	6	**459,109**	743,414
Cost of sales		**(511,665)**	(731,632)
Gross (loss)/profit		**(52,556)**	11,782
Other income and gains, net	6	**4,985**	86,357
Administrative expenses		**(428,153)**	(180,834)
Research and development costs		**(842)**	(6,163)
Finance costs		**(82,065)**	(75,107)
Impairment of goodwill	11	**(275,821)**	(174,933)
Impairment of intangible assets	12	**(88,042)**	(430,928)
LOSS BEFORE TAX	7	**(922,494)**	(769,826)
Income tax credit	8	**16,249**	66,059
LOSS FOR THE YEAR		**(906,245)**	(703,767)
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(5,094)**	(56,699)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(911,339)**	(760,466)
Loss attributable to:			
Owners of the parent		**(905,423)**	(703,767)
Non-controlling interests		**(822)**	—
		(906,245)	(703,767)
Total comprehensive loss attributable to:			
Owners of the parent		**(910,517)**	(760,466)
Non-controlling interests		**(822)**	—
		(911,339)	(760,466)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic and diluted		**HK(452.7) cents**	HK(351.9) cents

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 HK$'000 (unaudited)	2018 HK$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**32,120**	38,592
Right-of-use assets		**3,252**	—
Goodwill	*11*	**16,557**	297,552
Intangible assets	*12*	**—**	88,618
Accounts and bills receivables	*13*	**—**	256,395
Total non-current assets		**51,929**	681,157
CURRENT ASSETS			
Inventories		**9,895**	106,804
Contract assets		**60,623**	197,521
Accounts and bills receivables	*13*	**207,206**	260,859
Prepayments, deposits and other receivables		**44,665**	34,078
Cash and cash equivalents		**64,777**	26,971
Total current assets		**387,166**	626,233
CURRENT LIABILITIES			
Accounts payable	*14*	**313,300**	340,760
Tax payable		**92**	2,776
Other payables and accruals		**55,686**	87,728
Interest-bearing bank and other borrowings		**57,980**	64,255
Lease liabilities		**552**	—
Convertible bonds	*15*	**386,333**	—
Promissory notes	*16*	**553,985**	—
Total current liabilities		**1,367,928**	495,519
NET CURRENT (LIABILITIES)/ASSETS		**(980,762)**	130,714
TOTAL ASSETS LESS CURRENT LIABILITIES		**(928,833)**	811,871

	Notes	2019 HK$'000 (unaudited)	2018 HK$'000 (audited)
NON-CURRENT LIABILITIES			
Other payables and accruals		**29,752**	7,944
Interest-bearing other borrowings		**—**	6,000
Lease liabilities		**2,820**	—
Convertible bonds	*15*	**—**	352,411
Promissory notes	*16*	**—**	512,387
Deferred tax liabilities		**13,350**	26,088
Total non-current liabilities		**45,922**	904,830
Net liabilities		**(974,755)**	(92,959)
EQUITY			
Equity attributable to owners of the parent			
Share capital		**2,000**	2,000
Equity component of convertible bonds	*15*	**375,576**	375,576
Reserves		**(1,352,331)**	(470,535)
Deficiency in assets		**(974,755)**	(92,959)

NOTES TO FINANCIAL RESULTS

31 December 2019

1. CORPORATE AND GROUP INFORMATION

Bisu Technology Group International Limited (the "**Company**") is an exempted company with limited liability incorporated in the Cayman Islands. The registered office address of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Room 1001, 10/F, Wing On Centre, 111 Connaught Road Central, Hong Kong.

During the reporting year, the Company and its subsidiaries (collectively referred to as the "**Group**") were principally engaged in the following principal activities:

- Development, production and sale of the automotive engines (the "**Automotive Engines Business**").
- Civil engineering works and building construction and maintenance works (the "**Civil Engineering and Construction Business**").

In the opinion of the directors, the immediate holding company and the ultimate holding company is Youth Force Asia Ltd., a company incorporated in the British Virgin Islands.

2. BASIS OF PRESENTATION

Despite the Group incurred a net loss before tax of HK$922,494,000 for the year ended 31 December 2019; and the Group has net current liabilities and net liabilities of HK$980,762,000 and HK$974,755,000 respectively, amount due to a shareholder of HK$29,709,000, interest-bearing bank and other borrowings of HK$57,980,000, convertible bonds with an aggregate principal amount of HK$390,000,000 and the carrying amount of promissory notes of HK$553,985,000 as at 31 December 2019, in the opinion of the directors, the Group will have sufficient working capital to finance its operation and to meet its financial obligations as and when they fall due in the foreseeable future, based on the cash flow projections of the Group and after taking into consideration the following:

(i) On 8 November 2019, the Company and the then holder of the convertible bonds and promissory notes, Power Expert Global Limited ("**Power Expert**") entered into an amendment agreement, pursuant to which (a) the maturity date of the convertible bonds shall be extended for 5 years to 4 February 2025; and (b) the term of the promissory notes will be changed to perpetual and the interest rate will be fixed at 5% per annum with effect from 5 February 2020, payable annually and the interest accrued on or before 4 February 2020. This proposed amendment took effect on 14 January 2020;

(ii) subsequent to the end of reporting period, a major shareholder of the Company has agreed to provide continuous financial support by shareholder's loan of not less than HK$58,600,000 from 1 January 2020 to 31 March 2021 to the Group as and when required, and not to demand for repayment of the amount due by the Group until it is in the position to repay without impairing its liquidity and financial position. As of the reporting date, shareholder loans amounted to HK$6,450,000 were provided to the Group after 1 January 2020;

(iii) subsequent to the end of reporting period, on 6 January 2020, Power Expert and its shareholder, Liu Chang, has agreed to provide financial support by loans with market interest rate to the Group as and when required prior to 31 March 2021. Despite the fact that Power Expert ceased to be holder of convertible bonds and promissory notes on 3 February 2020, (please refer to Note 15 and 16 for details) Power Expert still confirm to provide such financial support to the Group prior to 31 March 2021;

(iv) the restructuring of the customers of the Automotive Engine Business and their negotiation with local government and their shareholders are still ongoing. The process started from 2018 and the whole supply chain, includes the suppliers of the Automotive Engines Business, understand the time needed for the completion of the restructuring would be long and no radical actions were taken previously. It is not expected that they will take such actions against the Group's subsidiary engaging in the Automotive Engines Business unless the restructuring exercise is proved to be a failure, which is not expected to happen in the next 12 months after the end of reporting period, for the details of the progress of the restructuring, please refer to Note 15; and

(v) various cost control measures have been taken by the Group to tighten the costs of operations and various general and administrative expense.

The directors have reviewed the Group's cash flow forecast prepared by management which covers a period of 15 months from the end of the reporting period. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2019 on a going concern basis.

3 BASIS OF PREPARATION

The unaudited financial information have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These unaudited financial statements are presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand ("**HK$'000**") except when otherwise indicated.

Changes in accounting policies and disclosures

The Group has adopted the following new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA for the first time for the unaudited financial information.

Amendments to HKFRS 9	*Payments features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

(a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for office premises. As a lessee, the Group previously classified leases as operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in the statement of financial position. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

Financial impact at 1 January 2019

The impact arising from the adoption of HKFRS 16 at 1 January 2019 was as follows:

	HK$'000
Assets	
Increase in right-of-use assets	3,882
Increase in total assets	3,882
Liabilities	
Increase in lease liabilities	3,882
Increase in total liabilities	3,882

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	HK$'000
Operating lease commitments as at 31 December 2018 (audited)	4,326
Weighted average incremental borrowing rate as at 1 January 2019	10.9%
Discounted operating lease commitments as at 1 January 2019	3,882
Lease liabilities as at 1 January 2019 (unaudited)	**3,882**

(b) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation did not have any significant impact on the financial position or performance of the Group.

4. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 3	*Definition of a Business*[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[1]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 No mandatory effective date yet determined but available for adoption

The Group anticipates that the application of all these new and amendments to HKFRSs will have no material impact on the Group's financial statements in the foreseeable future.

5. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and service and has two reportable operating segments as follows:

- Automotive engines segment — development, production and sale of automotive engines
- Civil engineering and construction segment — civil engineering works and building construction and maintenance works

Management monitors the results of the Group's operating segments separately for the purpose of making decision about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that gain on disposal of subsidiaries, finance costs (other than interest on lease liabilities) as well as head office and corporate expenses are excluded from such measurement.

	Automotive engines		Civil engineering and construction		Total	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(audited)	**(unaudited)**	(audited)	**(unaudited)**	(audited)
Segment revenue	**81,293**	276,514	**377,816**	466,900	**459,109**	743,414
Segment results	**(761,942)**	(746,607)	**(39,177)**	(9,074)	**(801,119)**	(755,681)
Gain on disposal of subsidiaries					**1,682**	—
Corporate and unallocated income					**—**	80,757
Corporate and unallocated expenses					**(41,594)**	(19,795)
Finance costs					**(81,463)**	(75,107)
Loss before tax					**(922,494)**	(769,826)
Other segment information:						
Bank interest income	**4**	6	**1**	1	**5**	7
Impairment of goodwill	**(275,821)**	(174,933)	**—**	—	**(275,821)**	(174,933)
Impairment of intangible assets	**(88,042)**	(430,928)	**—**	—	**(88,042)**	(430,928)
(Impairment)/reversal of impairment of accounts and bills receivables, net	**(349,368)**	(125,256)	**212**	126	**(349,156)**	(125,130)
Reversal of impairment of contract assets	**—**	—	**312**	232	**312**	232
Provision for inventories	**(33,140)**	(3,963)	**—**	—	**(33,140)**	(3,963)
Depreciation of property, plant and equipment	**(5,684)**	(5,547)	**(266)**	(677)	**(5,950)**	(6,224)
Depreciation of right-of-use assets	**(1,060)**	—	**(1,457)**	—	**(2,517)**	—
Amortisation of intangible assets	**(1,236)**	(26,371)	**—**	—	**(1,236)**	(26,371)
Capital expenditure	**(127)**	(1,593)	**(26)**	(466)	**(153)**	(2,059)

Geographical information

(a) Revenue from external customers

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
PRC	**81,293**	276,514
Hong Kong	**377,816**	466,900
	459,109	743,414

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

(b) Non-current assets

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
PRC	**48,522**	680,139
Hong Kong	**3,407**	1,018
	51,929	681,157

The non-current asset information above is based on the locations of assets.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for the year, is set out below:

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Customer A#	**82,068**	111,651
Customer B@	**—**	131,921
Customer C*	**160,740**	165,952
Customer D*	**83,442**	84,039

\# These customers are under the automotive engines segment.

* These customers are under the civil engineering and construction segment.

@ The corresponding revenue of did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2019.

6. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Revenue from contracts with customers	**459,109**	743,414

(i) **Disaggregated revenue information:**

For the year ended 31 December 2019

Segments	**Automotive engines** *HK$'000* **(unaudited)**	**Civil engineering and construction** *HK$'000* **(unaudited)**	**Total** *HK$'000* **(unaudited)**
Type of goods or services			
Sales of goods	**81,293**	**—**	**81,293**
Construction services	**—**	**66,945**	**66,945**
Civil engineering services	**—**	**310,871**	**310,871**
Total revenue from contracts with customers	**81,293**	**377,816**	**459,109**
Geographical markets			
Hong Kong	**—**	**377,816**	**377,816**
PRC	**81,293**	**—**	**81,293**
Total revenue from contracts with customers	**81,293**	**377,816**	**459,109**
Timing of revenue recognition			
Goods transferred at a point of time	**81,293**	**—**	**81,293**
Services transferred over time	**—**	**377,816**	**377,816**
Total revenue from contracts with customers	**81,293**	**377,816**	**459,109**

For the year ended 31 December 2018

Segments	Automotive engines *HK$'000* (audited)	Civil engineering and construction *HK$'000* (audited)	Total *HK$'000* (audited)
Type of goods or services			
Sales of goods	276,514	—	276,514
Construction services	—	77,134	77,134
Civil engineering services	—	389,766	389,766
Total revenue from contracts with customers	276,514	466,900	743,414
Geographical markets			
Hong Kong	—	466,900	466,900
PRC	276,514	—	276,514
Total revenue from contracts with customers	276,514	466,900	743,414
Timing of revenue recognition			
Goods transferred at a point of time	276,514	—	276,514
Services transferred over time	—	466,900	466,900
Total revenue from contracts with customers	276,514	466,900	743,414

	2019 ***HK$'000*** **(unaudited)**	2018 *HK$'000* (audited)
Other income and gains, net		
Interest income	**5**	7
Consultancy fee income	**480**	1,580
Government subsidies*	**1,225**	4,154
Gain/(loss) on disposal of items of property, plant and equipment	**92**	(209)
Gain on extinguishment of convertible bond	**—**	80,757
Gain on disposal of subsidiaries	**1,682**	—
Sundry income	**1,501**	68
	4,985	86,357

* Various governments grants have been received mainly for the business development in Chongqing Province, Mainland China. There are no unfulfilled conditions or contingencies relating to these subsidies.

7. LOSS BEFORE TAX

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

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Cost of sales:		
Cost of inventories sold	**79,283**	246,466
Provision for inventories	**33,140**	3,963
Amortisation of intangible assets	**1,236**	26,371
Contract costs	**398,006**	454,832
	511,665	731,632
Impairment of accounts and bills receivables, net	**349,156**	125,130
Reversal of impairment of contract assets	**(312)**	(232)
Depreciation of property, plant and equipment	**6,223**	6,398
Depreciation of right-of-use assets	**3,161**	—
Auditor's remuneration	**1,311**	1,700
Employee benefit expense (including directors' and chief executive's remuneration)	**53,148**	47,983
Minimum lease payments under operating leases	**—**	3,157

For the year ended 31 December 2019, depreciation of property, plant and equipment and employee benefit expenses of HK$1,339,000 (2018: HK$4,366,000) and HK$10,772,000 (2018: HK$13,509,000), respectively, are included in cost of inventories sold and contract costs presented above.

8. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI. Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. a wholly-owned subsidiary of the Group in the PRC, is subject to a preferential corporate income tax ("**CIT**") rate of 15% (2018: 15%).

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Current:		
PRC CIT tax (credit)/charge	**(3,511)**	2,546
Deferred	**(12,738)**	(68,605)
Total tax credit for the year	**(16,249)**	(66,059)

9. DIVIDEND

No final dividend was proposed by the Board in respect of the year 2019 (2018: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculations of basic and diluted loss per share are based on:

	2019 ***HK$'000*** **(unaudited)**	2018 HK$'000 (audited)
Loss		
Loss attributable to ordinary equity holders of the parent	**(905,423)**	(703,767)
Interest on convertible bonds *(note 15)*	**33,922**	30,363
Loss attributable to ordinary equity holders of the parent before interest on convertible bonds	**(871,501)**	(673,404)

	Number of shares **2019**	 2018
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	**200,000,000**	200,000,000

The computation of diluted loss per share for the year ended 31 December 2019 and 2018 does not assume the impact of the convertible bonds outstanding since their assumed conversion would result in a decrease in loss per share.

11. GOODWILL

	2019 ***HK$'000*** **(unaudited)**	2018 *HK$'000* (audited)
Cost and net carrying amount:		
At 1 January	**297,552**	498,343
Acquisition of subsidiaries	**419**	—
Disposal of subsidiaries	**(419)**	—
Impairment during the year	**(275,821)**	(174,933)
Exchange realignment	**(5,174)**	(25,858)
At 31 December	**16,557**	297,552

Goodwill acquired through a business combination is allocated to the cash-generating unit of the Automotive Engines Business (the "**Automotive Engines CGU**") for impairment testing.

Impairment test of goodwill

The full resumption of production of the customers of the Automotive Engines Business (the "**Automotive Engines Business Customers**") encountered further delay during 2019 due to the shortage in supply due to the suppliers' concern on the payment ability of the Automotive Engines Business Customers. The Automotive Engines Business Customers need to undergo further financial and operational restructuring to address the suppliers' concern but such restructuring is still in progress. Based on discussion with the Automotive Engines Business Customers, as of the reporting date, only the restructuring of one of the Automotive Engines Business Customers, namely Baic Yinxiang Automobile Co., Ltd.* (北汽銀翔汽車有限公司, "**Baic Yinxiang**") is making progress but the result of the restructuring is still uncertain. Moreover, it is expected the COVID-19 outbreak will further delay the restructuring negotiation and progress.

In view of the above situations, the Board performed an impairment assessment as at 31 December 2019 and recognised impairment losses of HK$275,821,000 (2018: HK$174,933,000) in connection with goodwill allocated to Automotive Engines CGU for the year ended 31 December 2019 ("**2019 Annual Valuation**"). The impairment losses are made based on the results of impairment tests for the goodwill using their values in use calculation in accordance with HKAS 36 Impairment of Assets with reference to a valuation performed by Moore Transaction Services Limited ("**Moore**"), (formerly known as Moore Stephens Advisory Services Limited), an independent professionally qualified valuer. The income approach was considered to be the most appropriate valuation approach in the valuation.

Moore's valuation for the impairment assessment was based on the following key assumptions and input:

(a) the projected cash flow from 31 December 2020 to 31 December 2024 (the "**Forecast Period**") on management expectation of future business performance and prospects of the Automotive Engines Business CGU;

(b) since only the restructuring on Baic Yinxiang is making progress, the uncertainty about the resumption of the operations of other Automotive Engines Business Customers is very high. It is therefore assumed only Baic Yinxiang can resume its operations during the Forecast Period. Therefore, only potential cashflow from the purchase plan of Baic Yinxiang is considered in the projected cashflow during the Forecast Period;

(c) given the restructuring of Baic Yinxiang is still in progress, it is assumed Baic Yinxiang can only resume its operations and execute its purchasing plan from 2021 onwards;

(d) downward adjustments of approximately 70% (2018: approximately 50%) on the revenue from the purchasing plan of Baic Yinxiang were made by the management considering the historical difference between the actual purchase from Baic Yinxiang and the past purchase plans as well as the uncertainty of the success of the restructuring. The forecasted revenue during the Forecast Period ranges from HK$104,037,000 for the year ending 31 December 2021 to HK$229,330,000 for the year ending 31 December 2024;

(e) the net profit margin of (1.4)% to 6.4% (2018: 2.0% to 9.3%) throughout the Forecast Period were estimated by the management based on the historical gross profit margin and fixed overheads with downward adjustments considering higher marketing expenses in the future. The forecasted net (loss)/profit during the Forecast Period ranges from (HK$1,476,000) to HK$14,741,000 from the year ending 31 December 2021 to the year ending 31 December 2024;

(f) the post-tax discount rate of 18.43% (2018: 18.38%) based on the weighted average cost of capital representing the weighted average return attributable to all of the operating assets of the Automotive Engines Business CGU; the pre-tax discount rate of 20.20% (2018: 21.42%) determined by an iterative computation so that the value in use determined using pre-tax cash flows and a pre-tax discount rate equals value in use determined using post-tax cash flows and a post-tax discount rate; and

(g) the growth rate beyond 2024 was 2.5% (2018: 2.5%) which did not exceed the long-term average growth rate of the industry.

The inputs and assumptions used in the 2019 Annual Valuation has the following significant changes from those previously adopted in 2018:

(a) the assumed date of the resumption of operation was delayed from 1 July 2019 to 1 January 2021 due to the delay in the restructuring of the Automotive Engines Business Customers;

(b) only Baic Yinxiang is assumed to resume its operation while in 2018 all Automotive Engines Business Customers were assumed to resume their operations. This change of assumption is mainly due to the lack of progress and therefore high uncertainty of the success of the restructuring of Automotive Engines Business Customers other than Baic Yinxiang; and

(c) downward adjustment from the purchase plan of Baic Yinxiang increased from 50% in 2018 to 70% in 2019 due to the increased uncertainty of the success of the restructuring of Baic Yinxiang given the further delay in the plan as well as the obstacles from the suppliers in the supply chain.

The recoverable amount of the Automotive Engines Business CGU from the impairment assessment using the above key assumptions against the carrying amount of the Automotive Engines Business CGU are analysed below:

	2019 ***HK$'000*** **(unaudited)**	2018 *HK$'000* (unaudited)
Recoverable amount of Automotive Engines Business CGU per valuation	**48,000**	461,058
Less:		
Carrying amount of Automotive Engines Business CGU		
Property, plant and equipment	**31,443**	38,574
Intangible assets	**—**	88,618
Goodwill	**16,557**	297,552
	48,000	424,744
Headroom Available	**—**	36,314

While the management has taken a conservative estimate in performing the impairment assessment, the recoverable amount of the Automotive Engines Business CGU equals to the carrying amount of the Automotive Engines Business CGU as at 31 December 2019. Therefore, any unfavorable reasonably possible change in the key assumptions indicated above on which the management had based its determination of the Automotive Engines Business CGU's recoverable amount may cause further impairment loss.

Based on the impairment assessment for the year ended 31 December 2019, the Board estimated that the Automotive Engines Business Customers would generate to the Group an aggregate revenue of HK$Nil, HK$104,037,000 and HK$135,416,000 for the years ending 31 December 2020, 2021 and 2022 and an aggregate net (loss)/profit before any impairment loss and amortisation of intangible assets and goodwill of HK$(11,286,000), HK$(1,476,000) and HK$2,571,000 for the years ending 31 December 2020, 2021 and 2022.

12. INTANGIBLE ASSETS

	Customer contracts	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Net carrying amount:		
At 1 January	**88,618**	556,230
Amortisation provided during the year *(note 7)*	**(1,236)**	(26,371)
Impairment during the year	**(88,042)**	(430,928)
Exchange realignment	**660**	(10,313)
At 31 December	**—**	88,618
At 31 December:		
Cost	**658,096**	669,741
Accumulated amortisation and impairment	**(658,096)**	(581,123)
Net carrying amount	**—**	88,618

Customer contracts represent certain automotive engine sales framework agreements (the "**Automotive Engine Sales Framework Agreements**") entered into by the Automotive Engines Group (as defined in note 17) in 2015 and pursuant to which the related customers agreed to procure pre-agreed quantities of engines from the Automotive Engines Group from 2016 to 2020. In February 2018, the Automotive Engines Group entered into certain supplemental Automotive Engine Sales Framework Agreements (the "**Supplemental Agreements**") with the related customers, pursuant to which the customer contract period was extended to 2022, and the pre-agreed quantities of engines were adjusted based on the customers' latest production needs. The customer contracts are amortised to profit or loss under the unit of production method over the relevant contract period.

The recoverable amounts of the intangible assets were determined based on value in use calculation using cashflow projections of financial budgets covering to the customer contract period of the Automotive Engines Sales Framework Agreements and Supplemental Agreements extended to 2022 approved by management.

An impairment loss of HK$88,042,000 (2018: HK$430,928,000) was recognised for the year ended 31 December 2019 and the full carrying amount of the intangible assets was impaired and provided.

In view of the same reasons as disclosed in note 11 above, the Board assessed the impairment loss on the intangible assets, which were essentially the value of the Automotive Engine Sales Framework Agreement and the Supplemental Agreements with the Automotive Engines Business Customers which would expire in 2022. By applying the same key assumptions as the impairment test of the goodwill which detailed in note 11 above, the present value of the estimated free cash flow arising from the sales to the Automotive Engines Business Customers from 2020 to 2022 was extracted from the valuation report prepared by Moore to determine the impairment loss on the intangible assets. Since the present value extracted was negative, management consider there is no recoverable amount from the intangible assets anymore and a full impairment loss was provided.

13. ACCOUNTS AND BILLS RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Accounts receivable	**698,306**	178,221
Bills receivable	**—**	483,485
	698,306	661,706
Impairment	**(491,100)**	(144,452)
	207,206	517,254
Represented by:		
— non-current assets	**—**	256,395
— current assets	**207,206**	260,859
	207,206	517,254

The ageing analysis of the accounts receivable as at the end of the reporting period, based on the invoice or delivery dates and net of loss allowance, is as follows:

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
1 to 3 months	**32,218**	146,768
4 to 6 months	**117**	2,390
Over 6 months	**174,871**	2,272
	207,206	151,430

14. ACCOUNTS PAYABLE

An ageing analysis of the accounts payable as at the end of each reporting period, based on the invoice date, is as follows:

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Within 3 months	**47,144**	101,069
4 to 6 months	**359**	28,187
Over 6 months	**265,797**	211,504
	313,300	340,760

15. CONVERTIBLE BONDS

	Liability component	**Equity component**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2018	387,665	390,716	778,381
Interest expense	30,363	—	30,363
Gain on extinguishment of convertible bonds	(65,617)	(15,140)	(80,757)
At 31 December 2018 and 1 January 2019 (audited)	352,411	375,576	727,987
Interest expense	33,922	—	33,922
At 31 December 2019 (unaudited)	**386,333**	**375,576**	**761,909**

On 13 March 2018, the Company has executed the extension of the maturity date of the convertible bonds for 2 years from 4 February 2018 to 4 February 2020 (the "**CB Extension**"). As a result of CB Extension, the liability and equity component were extinguished by HK$65,617,000 and HK$15,140,000 respectively, based on revaluation upon the date of execution on 12 March 2019. As at 31 December 2019, the convertible bonds had a carrying amount of HK$761,909,000 (2018: HK$727,987,000), in which HK$375,576,000 (2018: HK$375,576,000) was recognised as equity and HK$386,333,000 (2018: HK$352,411,000) was recognised as current liabilities (2018: non-current liabilities). On 8 November 2019, the Company and the then holder of the convertible bonds, Power Expert, entered into an amendment agreement, pursuant to which the maturity date of the convertible bonds shall be extended for 5 years to 4 February 2025. Further details of the amendment are set out in the Company's announcement dated 8 November 2019 and the Company's circular dated 19 December 2019. This proposed amendment took effect on 14 January 2020. Following the amendment, majority of the convertible bonds is expected to be re-categorised as non-current liabilities subsequent to the Reporting Period.

On 3 February 2020, the Company received a duly-executed transfer notice from Power Expert notifying the Company that Power Expert has agreed to transfer the convertible bonds to LE Group Holdings Pte. Ltd. ("**LEGH**"). The Company has given its consent on the transfer and issued new certificates of the convertible bonds to LEGH.

16. PROMISSORY NOTES

	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(audited)
First Note	**235,372**	216,908
Second Note	**318,613**	295,479
	553,985	512,387

On 4 February 2016, the Company issued two promissory notes with face values of HK$174,250,000 (the "**First Note**") and HK$235,750,000 (the "**Second Note**") in favour of Power Expert as part of the consideration for the acquisition of the Automotive Engines Business. Both the First Note and Second Note carry interest at a rate of 10% per annum. The outstanding principal amounts plus any accrued interest will be repayable on the maturity date falling on the second anniversary of the date of the First Note and Second Note, i.e. 4 February 2018.

On 31 December 2017, the Company has extended the maturity date of the First Note and Second Note for 2 years from 4 February 2018 to 4 February 2020 and the interest rate was adjusted downwards from 10% to 8% per annum, all accrued and outstanding interest shall be repaid on the extended maturity date of 4 February 2020.

On 8 November 2019, the Company and Power Expert entered into an amendment agreement, pursuant to which the term of the promissory notes will be changed to perpetual and the interest rate will be fixed at 5% per annum with effect from 5 February 2020, payable annually and the interest accrued on or before 4 February 2020 shall be payable on 4 February 2025. Further details of the amendment are set out in the Company's announcement dated 8 November 2019 and the Company's circular dated 19 December 2019. This proposed amendment took effect on 14 January 2020.

On 3 February 2020, the Company received an assignment notice from Power Expert notifying the Company that Power Expert has agreed to assign the promissory notes to LEGH. The Company has given its consent on the transfer and issued new certificates of the promissory notes to LEGH.

As at 31 December 2019, the promissory notes had a carrying amount of HK$553,985,000 (2018: HK$512,387,000) recognised as current liabilities (2018: non-current liabilities).

The carrying amounts of the First Note and Second Note at year end were computed by discounting the face values of the notes by the effective interest rate and the outstanding interest payable.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FINANCIAL REVIEW

During the year ended 31 December 2019, the Group has engaged in two business segments, which are (i) development, production and sale of automotive engines (the "**Automotive Engines Business**"); and (ii) civil engineering works and building construction and maintenance works (the "**Civil Engineering and Construction Business**"). In April 2019, the Group planned to tap into the industrial hemp planting business in the People's Republic of China (the "**PRC**") via an acquisition from its controlling shareholder, but such plan did not succeed.

The Board would like to emphasise that the following management discussion and analysis is based on unaudited financial information of the Group for the year ended 31 December 2019.

REVENUE AND LOSS FOR THE YEAR

For the year ended 31 December 2019, the Group recorded a consolidated revenue amounted to approximately HK$459.1 million as compared to that of 2018 of approximately HK$743.4 million, representing approximately HK$284.3 million or 38.2% decrease. The loss for the year ended 31 December 2019 attributable to owners amounted to approximately HK$905.4 million whereas the loss for the year ended 31 December 2018 attributable to owners amounted to approximately HK$703.8 million. The loss was mainly attributable to the following factors:

(i) The gross loss of approximately HK$52.6 million was recorded for the year ended 31 December 2019 as compared to the gross profit of approximately HK$11.8 million for the year ended 31 December 2018, which was due to:

   (a) a decline of approximately 38.2% in revenue. This is primarily resulted from the decrease in the sales of automotive engines by the Group to the automotive engines business customers of the Group due to the further delay in their full resumption of production as they have shortage in supply due to their suppliers' concern on their payment ability.

   (b) a provision of impairment loss of approximately HK$33.1 million for the Group's inventory of the Automotive Engines Business. Such impairment loss is primarily attributable to the increased uncertainty on the realisability of the inventory due to the further delay in the full resumption of production of the automobile engines business customers.

(ii) The impairment loss in the fair value of the intangible assets and goodwill of approximately HK$88.0 million and HK$275.8 million respectively (2018: approximately HK$430.9 million and HK$174.9 million respectively) in relation to the acquisition of the Automotive Engines Business. Such impairment loss is primarily attributable to the increased uncertainty on the future cashflow from the business segment as a result of the further delay in the full resumption of production of the automotive engines business customers as abovementioned.

(iii) Additional expected credit loss of approximately HK$349.4 million (2018: approximately HK$125.3 million) was made to the accounts and bills receivables due from the automotive engines business customers for the year ended 31 December 2019, which is attributable to the increased uncertainty on the repayment of the accounts and bills receivables due to the further delay in the full resumption of production of the automobile engines business customers as abovementioned.

Basic and diluted loss per share for the year ended 31 December 2019 were approximately HK$452.7 cents (2018: basic and diluted loss per share of approximately HK$351.9 cents).

BUSINESS SEGMENT

Automotive Engines Business

The Group recorded a deteriorating performance of the Automotive Engines Business for the year ended 31 December 2019.

As the final products of the Automotive Engines Business are specifically designed for only a few customers (the "**Automotive Engines Business Customers**") in the PRC, operation status of such Automotive Engines Business Customers will have a crucial impact on the performance of the Automotive Engines Business. The management of the Group had noticed that the key Automotive Engines Business Customers were experiencing unsatisfactory performance and financial difficulties, which were caused by the reduction of excessive production capacity policy and the de-leveraging policy in the PRC in 2018. Then in 2019, the negotiations of the resumption arrangement between the Automobile Engines Business Customers and all of their own suppliers along the supply chain were still ongoing as some suppliers had concerns over the payment ability of the Automotive Engines Business Customers. Thus, the plan for full resumption of production of the Automotive Engines Business Customers had been handicapped due to shortage in the supply of automotive parts. The Automotive Engines Business Customers needed to undergo further financial and operational restructuring to address the suppliers' concern but such restructuring was still in progress. The delay in the full resumption of production of the Automotive Engines Business Customers caused the revenue of the Group for the year ended 31 December 2019 decreased significantly.

On 10 September 2019, the management of the Group found, from public information channel, that a winding-up petition (the "**Winding-up Petition**") has been filed against one Automotive Engines Business Customer, namely Baic Yinxiang Automobile Co., Ltd.* (北汽銀翔汽車有限公司, "**Baic Yinxiang**"). The Winding-up Petition was accepted and publicised by a court on 10 September 2019. Upon noticing the Winding-up Petition, the management of the Group has (i) conducted site visits to the Automotive Engines Business and Baic Yinxiang; and (ii) engaged a qualified PRC lawyer to monitor progress of the Winding-up Petition. As informed by Baic Yinxiang, it was in the progress of negotiating with local government for financial and operational restructuring, but success of such negotiation was not guaranteed.

During the year ended 31 December 2019, the revenue of the Automotive Engines Business was approximately HK$81.3 million (2018: approximately HK$276.5 million), represented approximately 17.7% of the total revenue of the Group. Average monthly production sharply decreased approximately 83.7% from 1,108 units per month for the year ended 31 December 2018 to 181 units per month for the year ended 31 December 2019.

Excluding the provision for impairment loss for inventory amounting to approximately HK$33.1 million for the year ended 31 December 2019 (2018: approximately HK$4.0 million) and the amortisation of intangible assets amounting to approximately HK$1.2 million for the year ended 31 December 2019 (2018: approximately HK$26.4 million), the gross profit margin of the Automotive Engines Business decreased from approximately 10.9% for the year ended 31 December 2018 to approximately 2.5% for the year ended 31 December 2019. The decline in gross profit margin was a result of the significant drop of sales volume in automotive engines.

Due to the unsatisfactory performance and negative prospects of the Automotive Engines Business, the Group recorded (i) an impairment loss in the fair value of the intangible assets of approximately HK$88.0 million (2018: approximately HK$430.9 million) in relation to its acquisition of the Automotive Engines Business; (ii) an impairment loss in the fair value of the goodwill of approximately HK$275.8 million (2018: approximately HK$174.9 million) in relation to its acquisition of Automotive Engines Business; and (iii) an expected credit loss of approximately HK$349.4 million (2018: approximately HK$125.3 million) to the accounts and bills receivables due from the Automotive Engines Business Customers for the year ended 31 December 2019. This leaded to a further deterioration of the financial performance of the Automotive Engines Business. Nonetheless, the Company would like to emphasise that the impairment loss and the expected credit loss are non-cash items and have no effect on the Group's daily operations and cash flow.

Civil Engineering and Construction Business

All of the Group's contracts undertaken for both civil and building construction business were for customers which are independent third parties including certain departments of the Government of Hong Kong, public utilities companies and private organisations in Hong Kong.

During the year ended 31 December 2019, the revenue of Group's civil engineering works and building construction and maintenance works were approximately HK$377.8 million (2018: approximately HK$466.9 million). For the year under review, included in the turnover was: (i) revenue from civil engineering works of approximately HK$310.9 million (2018: approximately HK$389.8 million); and (ii) revenue from building construction and maintenance works of approximately HK$66.9 million (2018: approximately HK$77.1 million).

The overall gross loss margin of this segment was 5.3% for the year ended 31 December 2019 (2018: gross profit margin of 2.6%). As of 31 December 2019, the Group had 12 significant projects in progress (2018: 13). Four of them were building construction and maintenance projects while the remaining were civil engineering construction projects.

As of 31 December 2019, the total contract sum and the total outstanding values of the Group's substantial projects in progress were approximately HK$566.1 million and HK$300.1 million respectively.

During the year ended 31 December 2019, the Group was awarded with the following new substantial contracts:

- Provisional of External Cable Construction Works & Outside Telecommunications Plant Maintenance Services
- District Term Contract for Maintenance, Improvement and Vacant Flat Refurbishment for Kowloon West & Sai Kung (1) 2020/2022
- Construction of superstructure Works at Sections 4 of Tseung Kwan O Depot Phase II

Withdrawal from entering into the industrial hemp planting business

During the year ended 31 December 2019, the Group has been actively looking for opportunities which can provide sound diversification prospects. With an optimistic view for the prospect of the industrial hemp sector, the Company has decided to invest in the industrial hemp planting and processing business through the acquisition of 70% of the shares of Yunnan Tairui Biotechnology Co., Ltd. ("**Yunnan Tairui**") and 60% of the shares of Qiubei Woma Agricultural Development Co., Ltd. ("**Qiubei Woma**") to capture the potential growth of the industry during the year ended 31 December 2019.

In order to seize the first-mover advantage in the industrial hemp sector, the minority shareholders of Yunnan Tairui and Qiubei Woma (the "**Other Shareholders**") had put forward a tight project timeline for the development plan of the industrial hemp business. However, due to the reduced optimism for the outlook of the global economic and business environment, the Company would require more time to obtain sufficient financing to support the Group's development plan in respect of the industrial hemp business. After considering the differences with respect to the expected project timeline between the Group and the Other Shareholders and the change in market sentiment, and after further discussion with the Other Shareholders, who had a strong desire to implement the development plan soonest possible, the Group had subsequently disposed of Yunnan Tairui and Qiubei Woma. No material gain or loss was incurred for the Group in the acquisition and disposal of Yunnan Tairui and Qiubei Woma.

As at the date of this announcement, the Group had no intension to re-initiate entering into the industrial hemp planting business.

PROSPECT

The management of the Group remained cautious and conservative on the prospects in the year 2020.

For the past year 2019, the economy has shown signs of recession. Global growth was much lower and entered a window of weakness, due to the U.S.-China trade conflict and Brexit uncertainty. Protests against the political establishment in Hong Kong have leaded to a more challenging and more uncertain business environment. Worse still, the COVID-19 outbreak gave a larger impact, first leading to a serious concern on public health and then significantly damaging confidence in the economic prospects. In the late 2019, economic activity was slowing down in the PRC, and declining at the sharpest rate in Hong Kong in over a decade.

Looking into future, the economy is expected to remain battered amid the COVID-19 outbreak. Meanwhile, in politics, pro-democracy protests in Hong Kong have seemingly taken a back seat due to fears of the virus spreading, but there is no guarantee that such protest will not re-initiate.

The Group expects the delay in the restructuring and resumption of production of the Automotive Engines Business Customers will continue to adversely affect the Automotive Engines Business in 2020, and the COVID-19 outbreak will further delay the restructuring negotiation and progress. There will be a dimmer hope that the Automotive Engines Business Customers can resume their full production in 2020 despite a strong support from the local government to the industry. The Group will continue to closely monitor the progress of their restructuring and consider necessary action or measure to protect the interest of our shareholders.

On the other hand and for the construction business, although the operating environment in Hong Kong is expected to remain tough in the coming years such as continuously rising wages and cost of construction materials, the Company is confident that the Group would be capable of securing promising business opportunities given its vast experience in handling a wide variety of construction works. The Group will continue to adopt a prudent approach when submitting new tenders.

Looking ahead, the Directors are cautious about the prospect of the Group's operation and business in 2020 and will continue to pursue costs control initiatives in its business segments. Meanwhile, the Group shall also look for opportunities which can reinforce the current business segments in the Group or provide sound diversification prospects, with an aim to improve our performance and maximise the interest of our shareholders.

In February 2020, the Group intended to perform a strategic portfolio review of its business after the continuous deterioration in performance of the Automotive Engines Business. Management of the Group will assess strategic options in Hong Kong and internationally, focusing on new business opportunities involving construction and the potential diversification of the business. The Company will make further announcement(s) in relation to the above matters as and when appropriate.

IMPAIRMENT

As a result of the deteriorating performance of the Group's Automotive Engines Business, the Group recorded (i) an impairment loss in the fair value of the intangible assets of approximately HK$88.0 million (2018: approximately HK$430.9 million); (ii) an impairment loss in the fair value of goodwill of approximately HK275.8 million (2018: approximately HK$174.9 million); and (iii) an expected credit loss of approximately HK$349.4 million (2018: approximately HK$125.3 million) to the accounts and bills receivables for the Automotive Engines Business.

The above impairment and loss are recognised after the impairment assessment performed by the Board as at 31 December 2019 with reference to valuations performed by Moore Transaction Services Limited, an independent professionally qualified valuer. Details of the valuation approach, key assumptions and inputs for the impairment of goodwill and intangible assets are set up in note 11 and 12 to the financial results.

DIVIDEND

The Board does not recommend payment of any final dividend for the year ended 31 December 2019 (2018: Nil).

CAPITAL STRUCTURE, FINANCIAL RESOURCES, LIQUIDITY AND GEARING

As at 31 December 2019, the Group had cash and cash equivalents of approximately HK$64.8 million, representing an increase of approximately 140.2% from approximately HK$27.0 million as at 31 December 2018. The increase was mainly attributable to the combined effect of (i) net cash flows generated from financing activities in respect of the Group's interest-bearing bank and other borrowings and shareholder loans; and (ii) net cash inflow from operating activities of the Civil Engineering and Construction Business. The Group had not pledged any bank deposits for the bank loans. The Group's cash and cash equivalents were denominated in HK$ and RMB.

As at 31 December 2019, the total assets were approximately HK$439.1 million, representing a decrease of approximately 66.4% from approximately HK$1,307.4 million as at 31 December 2018. The significant decrease was mainly due to (i) the decrease in accounts and bills receivables and contract assets in aggregate of approximately HK$446.9 million as mainly because of the expected credit loss of approximately HK$349.4 million made on the account and bills receivables of the Automotive Engines Business; and (ii) the impairment of goodwill and intangible assets of approximately HK$275.8 million and approximately HK$88.0 million made in 2019 respectively.

As at 31 December 2019, the total liabilities were approximately HK$1,413.9 million, representing an increase of approximately 1.0% from approximately HK$1,400.3 million as at 31 December 2018.

As at 31 December 2019, the convertible bonds had a carrying amount of approximately HK$761.9 million (2018: approximately HK$728.0 million), in which approximately HK$375.6 million was recognised as equity and approximately HK$386.3 million was recognised as current liabilities. As at 31 December 2019, the promissory notes had a carrying amount of approximately HK$554.0 million recognised as current liabilities. On 8 November 2019, the Company and the then holder of the convertible bonds and the promissory notes, Power Expert Global Limited ("**Power Expert**"), entered into an amendment agreement, pursuant to which (i) the maturity date of the convertible bonds shall be extended for 5 years to 4 February 2025; and (ii) the term of the promissory notes will be changed to perpetual and the interest rate will be fixed at 5% per annum with effect from 5 February 2020, payable annually and the interest accrued on or before 4 February 2020 shall be payable on 4 February 2025. This proposed amendment took effect on 14 January 2020. Following the amendment, majority of the convertible bonds and the promissory notes is expected to be re-categorised as non-current liabilities.

Interest-bearing bank and other borrowings of the Group comprised (1) other loans from independent third parties of approximately HK$53.9 million (2018: approximately HK$57.5 million) with the contractual interest of 5.0% to 12.0% per annum; and (2) bank loans of approximately HK$4.1 million (2018: approximately HK$12.8 million) with an interest rate of the Hong Kong Inter-Bank Offered Rate plus 2.5% per annum; of which a corporate guarantee was given by the Company on the bank loans. They are repayable within 1 to 3 year.

As at 31 December 2019, the Group had banking facilities of approximately HK$42.8 million (2018: approximately HK$52.8 million) which approximately HK$30.0 million was not utilised and was secured by corporate guarantees.

As at 31 December 2019, the net current liabilities were approximately HK$980.8 million, as compared to approximately HK$130.7 million of net current assets as at 31 December 2018. The decrease in net current assets was primarily attributable to (i) the reclassification of the convertible bonds of carrying amount of approximately HK$386.3 and promissory notes of carrying amount of approximately HK$554.0 from non-current liabilities to current liabilities as at 31 December 2019; (ii) an expected credit loss of approximately HK$349.4 million was recognised on the accounts and bills receivables of the Automotive Engines Business in 2019.

Current ratio of the Group has significantly deteriorated to approximately 0.3 as at 31 December 2019 (2018: approximately 1.3). Current ratio is calculated by dividing current assets by current liabilities. Such deterioration was mainly due to the classification of the convertible bonds and the promissory notes as current liabilities. However, following an amendment on the terms of the convertible bonds and the promissory notes which took effect on 14 January 2020, the repayment date of the convertible notes was extended to 4 February 2025 and the promissory notes was changed to perpetual. Such amendments will lead to an improvement on the general liquidity of the Group, including the net current assets/(liabilities) positions and current ratio.

Gearing ratio is calculated based on the amount of net cash and bank balances (interest-bearing borrowings, liability component of the convertible bonds and promissory notes less cash and cash equivalent) divided by the total equity. The gearing ratio as at 31 December 2019 is not available because the Group reported a negative equity attributable to owners of the parent as at 31 December 2019 (2018: not available).

GOING CONCERN

Despite the Group incurred a net loss before tax of approximately HK$922.5 million for the year ended 31 December 2019; and the Group has net current liabilities and net liabilities of HK$980.8 million and HK$974.8 million respectively, amount due to a shareholder of approximately HK$29.7 million, interest-bearing bank and other borrowings of approximately HK$58.0 million, convertible bonds with an aggregate principal amount of approximately HK$390.0 million and the carrying amount of promissory notes of approximately HK$554.0 million as at 31 December 2019, in the opinion of the directors, the Group will have sufficient working capital to finance its operation and to meet its financial obligations as and when they fall due in the foreseeable future, based on the cash flow projections of the Group and after taking into consideration the following:

(i) On 8 November 2019, the Company and the then holder of the convertible bonds and promissory notes, Power Expert entered into an amendment agreement, pursuant to which (a) the maturity date of the convertible bonds shall be extended for 5 years to 4 February 2025; and (b) the term of the promissory notes will be changed to perpetual and the interest rate will be fixed at 5% per annum with effect from 5 February 2020, payable annually and the interest accrued on or before 4 February 2020. This proposed amendment took effect on 14 January 2020;

(ii) subsequent to the end of reporting period, a major shareholder of the Company has agreed to provide continuous financial support by shareholder's loan of not less than approximately HK$58.6 from 1 January 2020 to 31 March 2021 to the Group as and when required, and not to demand for repayment of the amount due by the Group until it is in the position to repay without impairing its liquidity and financial position. As of the reporting date, shareholder loans amounted to approximately HK$6.5 million were provided to the Group after 1 January 2020;

(iii) subsequent to the end of reporting period, on 6 January 2020, Power Expert and its shareholder, Liu Chang, has agreed to provide financial support by loans with market interest rate to the Group as and when required prior to 31 March 2021. Despite the fact that Power Expert ceased to be holder of convertible bonds and promissory notes on 3 February 2020, (please refer to Note 15 and 16 of the financial results for details) Power Expert still confirm to provide such financial support to the Group prior to 31 March 2021;

(iv) the restructuring of the customers of the Automotive Engine Business and their negotiation with local government and their shareholders are still ongoing. The process started from 2018 and the whole supply chain, includes the suppliers of the Automotive Engines Business, understand the time needed for the completion of the restructuring would be long and no radical actions were taken previously. It is not expected that they will take such actions against the Group's subsidiary engaging in the Automotive Engines Business unless the restructuring exercise is proved to be a failure, which is not expected to happen in the next 12 months after the end of reporting period, for the details of the progress of the restructuring, please refer to Note 15 of the financial results; and

(v) various cost control measures have been taken by the Group to tighten the costs of operations and various general and administrative expense.

The Directors have reviewed the Group's cash flow forecast prepared by management which covers a period of 12 months from the end of the reporting period. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2019 on a going concern basis.

Shareholders and potential investors of the Company are reminded that the above discussion on going concern is based on an unaudited financial statements of the Group, which has not been agreed by the Company's auditor.

CONVERTIBLE BONDS AND PROMISSORY NOTES

On 4 February 2016, the Company issued (i) zero coupon convertible bonds with an aggregate principal amount of approximately HK$390.0 million; and (ii) promissory notes in the aggregate principal amount of approximately HK$410.0 million to Power Expert as part of the consideration for the acquisition of 100% equity interest in Well Surplus Enterprises Limited and its subsidiaries in October 2015.

On 8 November 2019, the Company and Power Expert entered into an amendment agreement, pursuant to which (i) the maturity date of the convertible bonds shall be extended for 5 years to 4 February 2025; and (ii) the term of the promissory notes will be changed to perpetual and the interest rate will be fixed at 5% per annum with effect from 5 February 2020, payable annually and the interest accrued on or before 4 February 2020 shall be payable on 4 February 2025. Further details of the amendment are set out in the Company's announcement dated 8 November 2019 and the Company's circular dated 19 December 2019. This proposed amendment took effect on 14 January 2020.

On 3 February 2020, the Company received (i) a duly-executed transfer notice from Power Expert notifying the Company that Power Expert has agreed to transfer the convertible bonds to LE Group Holdings Pte. Ltd. ("**LEGH**"); and (ii) an assignment notice from Power Expert notifying the Company that Power Expert has agreed to assign the promissory notes to LEGH. The Company has given its consent on the transfer and issued new certificates of the convertible bonds and the promissory notes to LEGH.

TRANSACTIONS WITH CONNECTED PARTIES

On 15 April 2019, Global Harvest Inc (a wholly owned subsidiary of the Company) entered into an agreement with Mr. Jiang Jianhui (the controlling Shareholder), for the purchase of 100% of the total issued shares of Links Wonder Investment Holdings Limited ("**Links Wonder**"). The target group held a permit by the relevant government authority of Yunnan Province, the PRC, for industrial hemp processing for up to the production capacity of 50 tonnes of cannabidiol.

On 6 May 2019, Xingyu Keji (Shenzhen) Company Limited* (興御科技（深圳）有限公司, a then indirect wholly-owned subsidiary of the Company) entered into an agreement with Mr. Jiang Jianhui (the controlling Shareholder), for the purchase of 60% of the total issued shares of Qiubei Woma. The target company has certain binding agreements with certain local farmers in the Yunnan Province, the PRC, for the planting of the industrial hemp. Pursuant to the planting agreements, the target company was to provide industrial hemp seeds, training and technical support for the said local farmers for planting and upon harvest, these local farmers were obliged to sell the industrial hemp to the target company at a pre-determined price.

As the abovementioned two transactions involved the same vendor and formed a series of transactions conducted within the past 12-month period, they were required to be aggregated pursuant to Rule 14A.81 of the Listing Rules. Upon aggregation, as all of the applicable percentage ratios (as defined in the Listing Rules) were less than 5% and the total consideration was less than HK$3,000,000, the transactions were thus fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements.

On 27 June 2019, the Group disposed of its interests in Links Wonder and Qiubei Woma to an independent third party. No material gain or loss was incurred for the Group in the acquisition and disposal of Links Wonder and Qiubei Woma.

As at 31 December 2019, shareholder loans amounted to approximately HK$29.7 million were provided to the Group for its working capital. The shareholder loan were conducted on normal commercial terms or better, and were not secured by the assets of the Group.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed, the Group did not have any material acquisition or disposals of subsidiaries, associates and joint venture for the year ended 31 December 2019 (2018: nil).

SIGNIFICANT INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2019, the Group did not have any significant investment or capital assets (2018: nil).

PLEDGE OF ASSETS

As at 31 December 2019, the Group did not have any pledge of assets (2018: nil).

CONTINGENT LIABILITIES

(a) At 31 December 2019, the guarantees given by the Group to certain banks and a licensed corporation in respect of performance bonds in favour of certain contract customers amounted to HK$8,635,000 (2018: HK$15,044,000).

(b) In the ordinary course of the Group's construction business, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or the Group's subcontractors in accidents arising out of and in the course of their employment. The Directors are of the opinion that such claims are well covered by insurance and would not result in any material adverse impact on the financial position or results and operations of the Group.

FOREIGN CURRENCY RISK

Most of the Group's assets and liabilities are denominated in HK$ and RMB, which are the functional currencies of respective group companies. The Group has not entered into any instruments on the foreign exchange exposure. The Group will closely monitor exchange rate movement and will take appropriate activities to reduce the exchange risk.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group had approximately 452 employees (2018: 611) in Hong Kong and the PRC. The Group's remuneration policy is reviewed periodically and determined by reference to market terms, company performance, and individual qualifications and performance. Other staff benefits include bonuses awarded on a discretionary basis, mandatory provident fund scheme for Hong Kong employees, state-sponsored retirement plans for the PRC employees.

NO OTHER MATERIAL CHANGE

Save as disclosed, there has been no material change in the Group's financial position or business since the publication of the latest annual report of the Company for the year ended 31 December 2018.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed, there was no other significant event after the reporting period and up to the date of this announcement.

OTHER INFORMATION

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 11 December 2013, the date on which dealings in its shares first commence on the Stock Exchange.

For the year ended 31 December 2019, the Company has complied with the code provisions set out in the CG Code with the following exception:

Code provision A.2.1 of the CG Code requires that the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. For the year ended 31 December 2019, the Company has not appointed the chairman and chief executive officer, and the roles and functions of the chairman and chief executive officer have been performed by all the executive Directors collectively. On 5 February 2020, Mr. Artem Matyushok was appointed as the chief executive officer of the Company. The Company is looking for suitable candidates to fill the vacancy of the chairman of the Company, and will issue a further announcement as and when appropriate.

Code provision A.4.1 of the CG Code requires that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive Director and independent non-executive Directors have not been appointed for any specific terms as they are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's articles of association.

Code provision E.1.2 of the CG Code requires the chairman of the Board should attend the annual general meeting of the Company. Since the Company has not appointed a chairman of the Board for the year ended 31 December 2019, no chairman of the Board attended the annual general meeting of the Company held on 12 June 2019 (the "**2019 AGM**"), and other members of the Board (including executive Directors, the chairman of each of the Audit Committee and the Remuneration Committee and the members of the Nomination Committee) attended the 2019 AGM to ensure effective communication with the shareholders of the Company.

Code provision A.6.7 of the CG Code requires that independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

One independent non-executive Director was unable to attend the 2019 AGM due to his business commitment. Nevertheless, two other independent non-executive Directors attended the 2019 AGM to ensure a balanced understanding of the views of shareholders.

Code provision A.4.2 of the CG Code requires that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Mr. Xing Bin ("**Mr. Xing**"), an executive Director, was first appointed as a Director at a meeting of the Board held on 11 September 2015 and was re-elected as a Director at the annual general meeting of the Company held on 23 August 2016. In accordance with the CG Code, Mr. Xing should have been subject to retirement at the 2019 AGM. However, the Company inadvertently did not notice the status of Mr. Xing's directorship. As a result, Mr. Xing did not retire at the 2019 AGM and has continued to act as a Director and his name has continued to appear on the register of directors of the Company as a Director since the conclusion of the 2019 AGM. In order to rectify the non-compliance with the CG Code, the Company hold a Board meeting to confirm the appointment of Mr. Xing as a Director to remove any doubt of Mr. Xing's status as a Director and Mr. Xing shall be re-elected as a Director at the next general meeting of the Company. A Board meeting from which Mr. Xing has abstained from attending and voting was held on 10 February 2019 and the Board has confirmed the appointment of Mr. Xing as a Director. An extraordinary general meeting will be convened to consider and, if thought fit, to approve the re-election of Mr. Xing as an executive Director.

The Company regularly reviews its corporate governance practices to ensure they comply with the CG Code and align with the latest developments.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code for the year ended 31 December 2019.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2019, none of the Directors or chief executive of the Company had registered an interest or a short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities & Futures Ordinance (the "**SFO**") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code.

SHARE OPTION SCHEME

At the extraordinary general meeting of the Company held on 24 March 2016, the shareholders of the Company approved the adoption of the share option scheme of the Company (the "**Scheme**"). The Scheme was later adopted by the Company on 29 March 2016.

On 26 April 2019, the Board resolved to grant share options (the "**Options**") pursuant to the Scheme to eligible participants to subscribe up to 12,000,000 Shares, representing 6.00% of the issued share capital of the Company. The exercise price was HK$7.128 per Share, and the exercise period of the options was from 26 April 2019 to 25 April 2024. Among the Options granted, 500,000 Options were granted to Mr. Lam Wah, the then executive Director. Such grant of the Options to Mr. Lam Wah was approved by independent non-executive Directors pursuant to Rule 17.04(1) of the Listing Rules.

On 27 June 2019, as approved by the Board and with the consent of the grantees of the Options, the Options have been cancelled with effect from 27 June 2019 in accordance with the terms of the Scheme. All of the Options have not been exercised.

CHANGE OF DIRECTORS

From 1 January 2019 to the date of this announcement:

(i) Mr. Chan Kai Wing has resigned as the independent non-executive Director, the chairman of each of the Audit Committee and the Nomination Committee and the member of the Remuneration Committee with effect from 28 February 2019;

(ii) Mr. Zhang Guozhi has been appointed as an independent non-executive Director, the chairman of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee with effect from 28 February 2019;

(iii) Mr. Leung Tsz Wing has been appointed as the chairman of the Audit Committee with effect from 28 February 2019;

(iv) Mr. Wong Hin Shek has resigned as a non-executive Director with effect from 12 April 2019;

(v) Mr. Yip Tai Him has resigned as an independent non-executive Director, the chairman of the Remuneration Committee and the member of each of the Audit Committee and the Nomination Committee with effect from 12 April 2019;

(vi) Mr. Ip Mei Shun has been appointed as an independent non-executive Director, the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee with effect from 12 April 2019;

(vii) Mr. Lam Wah was re-designated from an executive Director to a non-executive Director with effect from 31 August 2019;

(viii) Mr. Liu Wengang was appointed as an executive Director with effect from 1 November 2019;

(ix) Mr. Artem Matyushok was appointed as an executive Director and the chief executive officer of the Company with effect from 5 February 2020; and

(x) Mr. Brett Ashley Wight was appointed as an executive Director with effect from 5 February 2020.

CHANGES IN INFORMATION OF THE DIRECTORS

Upon specific enquiry by the Company and following confirmations from the Directors, there was no change in the information of the Directors required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules for the period ended 31 December 2019.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at the date of this announcement, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long position in the issued shares/underlying shares of the Company

Name of shareholders	*Notes*	Nature of interest	Number of ordinary shares/ underlying shares held	Approximate percentage of issued share capital of the Company
Mr. Jiang Jianhui	*(a)*	Interest in a controlled corporation	150,000,000	75.0%
Youth Force Asia Ltd	*(a)*	Beneficial owner	150,000,000	75.0%
Mr. Arrab Chalid	*(b)*	Interest in a controlled corporation	195,000,000	97.5%
LE Group Holdings Pte Ltd	*(b)*	Beneficial owner	195,000,000	97.5%

Notes:

(a) Youth Force Asia Ltd is wholly-owned by Mr. Jiang Jianhui. As such, Mr. Jiang Jianhui is deemed to be interested in the 150,000,000 shares owned by Youth Force Asia Ltd by virtue of the SFO.

(b) LE Group Holdings Pte Ltd is wholly-owned by Mr. Arrab Chalid. As such, Mr. Arrab Chalid is deemed to be interested in the 195,000,000 underlying shares through its interests in the convertible bonds, in the principal amount of HK$390,000,000 issued by the Company, owned by LE Group Holdings Pte Ltd by virtue of the SFO. As at the date of this announcement, none of the convertible bonds has been converted.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2019.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed minimum public float under the Listing Rules.

HIGH CONCENTRATION OF SHAREHOLDING

On 10 May 2019, the Securities and Futures Commission (the "**SFC**") published an announcement on its website, informing the public that the SFC had recently completed an enquiry into the shareholding of the Company. The SFC's findings suggested that as at 23 April 2019, a group of 19 Shareholders held an aggregate of 31,154,000 Shares, representing 15.6% of the issued Shares. Such shareholding, together with 150,000,000 Shares (representing 75.0% of the issued Shares) held by the controlling shareholder of the Company, represented 90.6% of the issued Shares as at 23 April 2019. Therefore, only 18,846,000 Shares (representing 9.4% of the issued Shares) were held by other shareholders.

In view of the high concentration of shareholding in a small number of Shareholders, Shareholders and prospective investors should be aware that the price of the Shares could fluctuate substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares. Further, as a result of high concentration of shareholding, the Company's securities may not have a genuine market or its shareholding may have concentrated in the hands of a few Shareholders.

ANNUAL REPORTING AND ANNUAL GENERAL MEETING

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for the year ended 31 December 2019 has not been completed due to the COVID-19 outbreak. To combat the virus outbreak, governments in the PRC and Hong Kong had placed rigid restrictions on working and travelling, which had significantly handicapped the auditing process. Therefore, the unaudited annual results contained herein have not been agreed with the Company's auditors as required under Rule 13.49(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Audit Committee has reviewed the unaudited financial information set out in this announcement, which has not been agreed by the Company's auditor. The Audit Committee comprises three members including Mr. Leung Tsz Wing (Chairman), Mr. Ip Mei Shun and Mr. Zhang Guozhi, all being independent non-executive Directors.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for the year ended 31 December 2019 as agreed by the Company's auditor.

PUBLICATION OF UNAUDITED ANNUAL RESULTS

This unaudited annual results announcement is published on the websites of the Stock Exchange (http://www.hkex.com.hk) and the Company (http://www.bisu-tech.com).

ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2019 containing all the information as required by the Listing Rules will be dispatched to the shareholders of the Company and made available for review on the websites of the Stock Exchange and the Company in due course.

ANNUAL GENERAL MEETING

The time and venue of the 2020 annual general meeting is to be determined. A notice of the meeting, together with a circular thereof, will be published on the website of the Stock Exchange and the Company and dispatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere thanks and gratitude to our management team and staff for their hard work and dedication, as well as our shareholders, business partners and associates, bankers and auditors for their continuous support to the Group.

WARNING

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

Yours faithfully,
For and on behalf of the Board
Bisu Technology Group International Limited
Liu Wengang
Executive Director

Hong Kong, 30 March 2020

As at the date of this announcement, the executive Directors are Mr. Artem Matyushok, Mr. Brett Ashley Wight, Mr. Liu Wengang and Mr. Xing Bin; the non-executive Director is Mr. Lam Wah; and the independent non-executive Directors are Mr. Ip Mei Shun, Mr. Leung Tsz Wing and Mr. Zhang Guozhi.