HYBRID KINETIC GROUP LIMITED
正 道 集 團 有 限 公 司

(incorporated in Bermuda with limited liability)

(Stock code: 1188)

ANNUAL RESULTS ANNOUNCEMENT 2018

The board of directors (the "**Board**" or the "**Directors**") of Hybrid Kinetic Group Limited (the "**Company**") would like to announce the audited consolidated financial results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2018 (the "**Year**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	**2018** ***HK$'000***	2017 *HK$'000* (Restated)
Revenue	*4*	**61,250**	35,434
Cost of sales		**(52,931)**	(26,012)
Gross profit		**8,319**	9,422
Other income	*5*	**77,959**	134,631
Distribution costs		**(8,082)**	(5,971)
Administrative expenses		**(365,437)**	(435,806)
Share of result of associates		**(2,570)**	(11,321)
Loss before tax		**(289,811)**	(309,045)
Income tax expense	*7*	**(18)**	(360)
Loss for the year	*8*	**(289,829)**	(309,405)

	Notes	**2018**	2017
		HK$'000	*HK$'000*
			(Restated)
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss:			
Fair value changes of equity investments at fair value through other comprehensive income		**(25,399)**	(10,578)
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations – Group		**(20,512)**	51,461
Exchange differences on translating foreign operations – Associates		**(23,931)**	6,597
Other comprehensive (loss)/income for the year		**(69,842)**	47,480
Total comprehensive loss for the year		**(359,671)**	(261,925)
Loss for the year attributable to:			
Owners of the Company		**(288,571)**	(306,030)
Non-controlling interests		**(1,258)**	(3,375)
		(289,829)	(309,405)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(356,395)**	(260,743)
Non-controlling interests		**(3,276)**	(1,182)
		(359,671)	(261,925)
Loss per share	*10*		
Basic *(cents per share)*		**(1.42)**	(1.50)
Diluted *(cents per share)*		**(1.42)**	(1.50)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Notes	**2018** ***HK$'000***	2017 *HK$'000* (Restated)
Non-current assets			
Property, plant and equipment		**58,102**	70,638
Investment in associates	*11*	**406,862**	547,494
Investment in joint venture		**22,772**	–
Equity investments at fair value through other comprehensive income	*12*	**38,423**	66,225
Prepayments	*13*	**98,370**	63,368
Intangible assets		**62,555**	–
		687,084	747,725
Current assets			
Inventories	*14*	**12,240**	75,408
Finance lease receivables		**–**	1,753
Trade and other receivables	*15*	**498,054**	480,959
Derivative financial instrument		**55,018**	46,957
Pledged bank deposits		**2,007**	2,007
Bank and cash balances		**45,815**	311,781
		613,134	918,865
Current liabilities			
Trade and other payables	*16*	**61,170**	61,827
		61,170	61,827
Net current assets		**551,964**	857,038
NET ASSETS		**1,239,048**	1,604,763
Capital and reserves			
Share capital		**2,035,287**	2,033,787
Reserves		**(825,850)**	(466,244)
Equity attributable to owners of the Company		**1,209,437**	1,567,543
Non-controlling interests		**29,611**	37,220
TOTAL EQUITY		**1,239,048**	1,604,763

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report from ZHONGHUI ANDA CPA LIMITED, the external auditor of the Company, on the Group's consolidated financial statements for the year ended 31 December 2018.

Qualified Opinion

We have audited the consolidated financial statements of Hybrid Kinetic Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**"), which comprise the consolidated statement of financial position as at 31 December 2018, 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.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

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 evidence to ascertain that such prepayment to the supplier will be recovered in the foreseeable future. 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$333,918,000 as at 31 December 2018 and the carrying amount of the prepayment to a supplier amounted to approximately HK$333,918,000 as at 31 December 2017 are fairly stated; (ii) the recoverability of prepayment to a supplier of approximately HK$333,918,000 as at 31 December 2018 and the recoverability of prepayment to a supplier of approximately HK$333,918,000 as at 31 December 2017; and (iii) the existence and completeness of the disclosures of contingent liabilities in relation to the prepayment to the supplier.

Any adjustments to the figures as described above might have a consequential effect on the Group's financial performance for the years ended 31 December 2018 and 2017 and the financial positions of the Group as at 31 December 2018 and 2017, and the related disclosures thereof in the consolidated financial statements.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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$289,829,000 for the year ended 31 December 2018 and operating cash out flow of HK$301,132,000 for the year ended 31 December 2018. 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. Our opinion is not modified in respect of this matter.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

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 Canon's Court, 22 Victoria Street, Hamilton HM 12, 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.

2. GOING CONCERN BASIS

The Group incurred a loss attributable to owners of the Company of HK$288,571,000 and operating cash out flow of HK$301,132,000 for the year ended 31 December 2018. 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.

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 2018. HKFRSs comprise Hong Kong Financial Reporting Standards; 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.

A. HKFRS 9 (2014) "Financial Instruments"

Available-for-sale investments are now classified as equity investments at fair value through other comprehensive income.

HKFRS 9 (2014) has been applied retrospectively and resulted in changes in the consolidated amounts reported in the consolidated financial statements as follows:

	31 December 2017 *HK$'000*	1 January 2017 *HK$'000*
At 31 December 2017:		
Decrease in available-for-sale investments	(60,310)	(72,188)
Increase in equity investments at fair value through other comprehensive income	66,225	72,188
Decrease in accumulated losses	(26,474)	(10,679)
Decrease in equity investment revaluation reserve	21,257	10,679
Increase in translation reserve	233	
For the year ended 31 December 2017:		
Decrease in losses for the year	16,260	
Increase in other comprehensive loss for the year	(10,578)	
Increase in exchange differences on translating foreign operations – Group	233	
Increase in Earnings cents per share	0.08	

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 these 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.

4. REVENUE

The Group's revenue represents sales of battery management systems and spare parts and interest income from finance lease.

	2018	2017
	HK$'000	*HK$'000*
Sales of battery management systems and spare parts	**61,191**	35,133
Revenue from contracts with customers	**61,191**	35,133
Interest income from finance leasing	**59**	301
	61,250	35,434

Disaggregation of revenue from contracts with customers:

	2018	2017
	HK$'000	*HK$'000*
Geographical markets		
PRC	**61,191**	35,018
Others	**–**	115
	61,191	35,133
Major products/service		
Sales of battery management system and Lithium batteries	**61,191**	35,133
Timing of revenue recognition		
At a point in time	**61,191**	35,133

Sales 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.

5. OTHER INCOME

	2018	2017
	HK$'000	*HK$'000*
Interest income	**205**	3,375
Other receivables interest income	**2,230**	3,934
Gain on disposal of an associate	**62,411**	–
Recognition of deferred income on capital contribution to associate	**1,332**	1,828
Gain on deemed disposal of partial investment in an associate	**–**	2,765
Gain on capital contribution to an associate	**–**	77,861
Fair value gain on derivative financial instrument	**8,616**	40,729
Rental income	**–**	211
Reversal of impairment of other receivables	**–**	1,837
Others	**3,165**	2,091
	77,959	134,631

6. SEGMENT INFORMATION

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.

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.

Information about reportable segment profit or loss, assets and liabilities:

	High-tech electric motor vehicles	**Battery management systems and spare parts**	**Advanced batteries materials**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2018:				
Revenue	**58**	**61,192**	**–**	**61,250**
Segment (loss)	**(85,460)**	**(90,911)**	**(8,169)**	**(184,540)**
Depreciation	**(13,044)**	**(2,248)**	**(104)**	**(15,396)**
Other material non-cash items:				
Impairment of property, plant and equipment	**(134)**	**–**	**–**	**(134)**
Research and development expenses	**(2,964)**	**(22,559)**	**6,354**	**(31,877)**
Additions to segment non-current assets	**2,019**	**33,911**	**–**	**35,930**
At 31 December 2018:				
Segment assets	**743,566**	**31,762**	**4,076**	**779,404**
Segment liabilities	**9,144**	**9,725**	**161**	**19,030**
Year ended 31 December 2017:				
Revenue	301	35,133	–	35,434
Segment profit/(loss)	(157,337)	13,121	(5,046)	(149,262)
Depreciation	(4,912)	(1,394)	(633)	(6,939)
Other material non-cash items:				
Impairment of property, plant and equipment	(14)	(26)	(1)	(41)
Research and development expenses	(45,315)	(11,662)	(1,718)	(58,695)
Additions to segment non-current assets	2,189	4,423	43	6,655
At 31 December 2017:				
Segment assets	900,145	67,294	4,472	971,911
Segment liabilities	12,700	9,568	222	22,490

Reconciliations of reportable segment revenue, profit and loss, assets and liabilities:

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Revenue:		
Total revenue of reportable segments and consolidated revenue	**61,250**	35,434
Profit or loss:		
Total loss of reportable segments	**(184,540)**	(149,262)
Corporate and unallocated profit or loss	**(107,826)**	(158,836)
Share-based payment	**–**	(947)
Income tax expense	**(18)**	(360)
Consolidated loss for the year	**(292,384)**	(309,405)
Assets:		
Total assets of reportable segments	**779,404**	971,911
Corporate and unallocated assets:		
– Equity investments at fair value through other comprehensive income	**38,423**	66,225
– Bank and cash balances held by the Group's headquarters	**15,664**	103,803
– Others	**464,172**	524,651
Consolidated total assets	**1,297,663**	1,666,590
Liabilities:		
Total liabilities of reportable segments	**19,030**	22,490
Corporate and unallocated liabilities		
– Others	**42,140**	39,337
Consolidated total liabilities	**61,170**	61,827

Geographical information:

	2018	2017
	HK$'000	*HK$'000*
Revenue:		
The People's Republic of China (the "**PRC**")	**61,250**	35,319
Others	**–**	115
	61,250	35,434

In presenting the geographical information, revenue is based on the location of the customers.

Revenue from major customers:

	2018	2017
	HK$'000	*HK$'000*
Customer A	**43,036**	34,559
Customer B	**18,077**	nil

Revenue from above customers individually contributed more than 10% of the total consolidated revenue of the Group.

	2018	2017
	HK$'000	*HK$'000*
Non-current assets (other than financial assets):		
United States of America	**1,025**	1,813
The PRC	**530,606**	588,529
Hong Kong and others	**114,475**	91,158
	646,106	681,500

7. INCOME TAX EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Current tax – PRC Enterprise Income Tax		
Provision for the year	**18**	–
Under-provision in prior years	**–**	360
	18	360

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 (2017: 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:

	2018	2017
	HK$'000	*HK$'000*
Loss before tax	**(289,811)**	(309,045)
Tax on loss before income tax, calculated at the rates applicable to profit/loss in the tax jurisdictions concerned	**(41,855)**	(45,782)
Tax effect of non-taxable income	**(17,595)**	(33,591)
Tax effect of non-deductible expenses	**55,984**	69,198
Under-provision in prior years	**–**	360
Tax effect of tax loss not recognised	**3,484**	10,175
Income tax expense for the year	**18**	360

8. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2018	2017
	HK$'000	*HK$'000*
Continuing operations:		
Auditor's remuneration	**1,600**	1,600
Cost of inventories sold	**52,931**	26,012
Depreciation	**29,433**	21,949
Loss on disposal of property, plant and equipment	**4,997**	531
Loss on dissolution of an associate	**14,123**	–
Gain on deemed disposal of partial investment in an associate	**–**	(2,765)
Recognition of deferred income on capital contribution to associate	**(1,332)**	(1,828)
Gain on capital contribution to an associate	**–**	(77,861)
Fair value gain of derivative financial instrument	**(8,616)**	(40,729)
Impairment of property, plant and equipment	**6,197**	1,639
Reversal of impairment of other receivables	**–**	(1,837)
Net exchange loss	**2,537**	9,319
Operating lease charges in respect of land and buildings	**42,851**	35,102
Research and development costs	**21,923**	62,653
Staff costs including directors' emoluments		
– Salaries, bonus and allowances	**158,200**	141,977
– Equity-settled share-based payments	**–**	947
– Retirement benefits scheme contributions	**9,091**	7,532
	167,291	150,456

9. DIVIDENDS

The directors do not recommend or declare the payment of any dividend in respect of the years ended 31 December 2018 and 2017.

10. 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$288,571,000 (2017: approximately HK$306,030,000) and the weighted average number of 20,352,078,000 (2017: 20,337,873,000) 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 2018 and 31 December 2017.

11. INVESTMENT IN ASSOCIATES

	2018	2017
	HK$'000	*HK$'000*
Unlisted investment:		
Share of net assets	**406,862**	547,494

Details of the Group's associates at 31 December 2017 and 2018 are as follows:

Name	**Place of incorporation/ registration**	**Percentage of the Company's indirect ownership interest**		**Principal activities**
		2018	2017	
浙江佳貝思綠色能源有限公司 Zhejiang GBS Energy Co., Limited*	The PRC	**Nil**	25%	Manufacturing and sales of batteries, the PRC
深圳南科燃料電池有限公司 Shenzhen SUSTC Fuel Cell Company Limited*	The PRC	**16.7%**	16.7%	Environmental automobile and related business, the PRC
寧波京威動力電池有限公司 Ningbo Joint Venture*	The PRC	**18%**	18%	Manufacturing and sales of batteries
安徽天康正道新能源科技有限公司 Anhui Tiankang HK New Energy Technology Co., Ltd.	The PRC	**Nil**	25%	Manufacturing and sales of batteries

* *For identification purpose only*

The above associates are accounted for using the equity method in the consolidated financial statements.

Set as below are the summarised financial information of the associates which is accounted for using equity method.

	Zhejiang GBS Energy Co., Limited		Shenzhen SUSTC Fuel Cell Company Limited	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
At 31 December:				
Non-current assets	**–**	57,856	**–**	–
Current assets	**–**	163,971	**46,441**	55,431
Non-current liabilities	**–**	(2,052)	**(24,450)**	(28,152)
Current liabilities	**–**	(82,821)	**(789)**	(725)
Net assets	**–**	136,954	**21,202**	26,554
Group's share of net assets	**–**	34,239	**3,534**	4,426
Year ended 31 December:				
Revenue	**64,305**	128,071	**297**	178
Profit/(loss) for the year	**8,236**	10,428	**(4,101)**	(43,820)
Other comprehensive income/(loss)	**(6,452)**	8,671	**(1,250)**	1,351
Total comprehensive income/(loss) for the year	**(1,784)**	19,099	**(5,351)**	(42,469)
Dividends received from associates	**–**	–	**–**	–

	Ningbo Joint Venture		Anhui Tiankang HK New Energy Technology Co., Ltd.	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
At 31 December:				
Non-current assets	**441,966**	491,483	**–**	182,866
Current assets	**(1,849,782)**	1,913,938	**–**	242,250
Non-current liabilities	**–**	–	**–**	–
Current liabilities	**(51,037)**	(28,270)	**–**	(886)
Net assets	**2,240,711**	2,377,151	**–**	424,230
Group's share of net assets before deferred income	**403,328**	427,887	**–**	106,057
Gain on capital contribution to associate – deferred income	**–**	–	**–**	(25,115)
Group's share of net assets	**403,328**	427,887	**–**	80,942
Year ended 31 December:				
Revenue	**–**	–	**7,173**	7,436
Loss for the year	**(13,889)**	(23,485)	**(5,798)**	(7,741)
Other comprehensive loss	**(122,551)**	(963)	**(69)**	(317)
Total comprehensive loss for the year	**(136,440)**	(24,448)	**(5,867)**	(8,058)
Dividends received from associates	**–**	–	**–**	–

The movement of deferred income are set out below:

	Anhui Tiankang HK New Energy Technology Co., Ltd.	
	2018	2017
	HK$'000	*HK$'000*
As at 1 January	**(25,115)**	–
Addition of deferred income arising from transaction between the associate with the Group	**–**	(27,018)
Recognition of deferred income on capital contribution to associate	**1,332**	1,828
Dissolution	**23,783**	–
Exchange difference	**–**	75
As at 31 December	**–**	(25,115)

12. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Equity securities listed outside Hong Kong		
上海仁通檔案管理咨詢服務有限公司	**15,427**	14,688
Unlisted equity securities		
吉林美來中信木業有限公司	**22,996**	51,537
	38,423	66,225

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 2015, the Group entered into an agreement with an independent third party to acquire the equity interest in 上海仁通檔案管理咨詢服務有限公司 (“**上海仁通**”), incorporated in the PRC and listed in National Equities Exchange and Quotations (stock code: 838518), is a Sino-foreign venture under the PRC Law. The Group intend to hold the investment for long-term capital appreciation and had no intention to dispose of the investment in the near future. As at 31 December 2018 and 2017, the Group holds 8.5% (2017: 8.5%) equity interest in 上海仁通. Dr. Zhu Shengliang and Mr. Li Zhengshan, the executive directors of the Company, hold 16.2% (2017: 16.2%) and 0.9% (2017: 0.9%) equity interest of 上海仁通 respectively.

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 intend to hold the investment for long-term capital appreciation and had no intention to dispose of the investment in the near future. As at 31 December 2018, the Group holds 5% (2017: 5%) equity interest in 吉林美來.

13. PREPAYMENTS

	2018	2017
	HK$'000	*HK$'000*
Prepayment for:		
– Research and developments projects for motor vehicles	**98,370**	63,368

14. INVENTORIES

	2018	2017
	HK$'000	*HK$'000*
Raw materials	**10,369**	8,808
Work in progress	**–**	658
Finished goods	**1,745**	65,860
Consumables	**126**	82
	12,240	75,408

15. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**790**	28,413
Less: impairment losses	**–**	–
	790	28,413
Prepayment to a supplier	**333,918**	333,918
Prepayments to others	**131,346**	39,468
Deposits and other receivables	**30,132**	76,588
Amounts due from directors	**1,868**	2,572
	498,054	480,959

Included in prepayments to others mainly represent amount prepaid for research and development projects of approximately HK$106,932,000 (2017: approximately HK$21,219,000), and prepayment for other expenses.

As at 31 December 2018, included in other receivables is a balance of HK$17,106,000 (2017: HK$17,106,000) carries interest rate at 4.35% to 6% (2017: 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 collectibility of these receivables closely with reference to their respective current creditworthiness and repayment records. As at 31 December 2018, 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.

The aging analysis of trade receivables, based on invoiced date, and net of allowance, is as follows:

	2018	2017
	HK$'000	*HK$'000*
0 to 30 days	**790**	9,471
31 to 60 days	**–**	9,471
61 to 90 days	**–**	9,471
	790	28,413

As at 31 December 2018, 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.

16. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**7,615**	8,168
Accruals and other payables	**53,164**	53,021
Amounts due to a director	**391**	638
	61,170	61,827

Trade payables

The aging analysis of the trade payables, based on the date of receipt of goods, is as follows:

	2018	2017
	HK$'000	*HK$'000*
0 to 180 days	**–**	312
181 to 360 days	**49**	6,825
Over 360 days	**7,566**	1,031
	7,615	8,168

MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION

OVERVIEW

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.

During the Year, the principal businesses of the Group included the development and/or sales of:

- battery management systems and spare parts;
- high-tech electric motor vehicles; and
- advanced batteries materials, including key new energy automobile components and single and few-layer graphene.

The Group's revenue and gross profit for the Year amounted to approximately HK$61.3 million (2017: HK$35.4 million) and HK$8.3 million (2017: HK$9.4 million). The gross profit for the Year was primarily attributable to the sales of advanced battery management systems. The loss attributable to shareholders for the Year amounted to approximately HK$288.6 million (2017: HK$306.0 million). The loss for the Year was mainly attributable to administrative expenses.

The administrative expenses for the Year decreased to approximately HK$365.4 million (2017: HK$435.8 million) which consisted of research and development expenses of approximately HK$21.9 million (2017: HK$62.7 million), operating lease charges in respect of land and buildings of approximately HK$42.9 million (2017: HK$35.1 million), employee benefit expense (including wages and salaries, pension costs and other benefits) of approximately HK$167.3 million (2017: HK$150.5 million) and depreciation expenses of approximately HK$29.5 million (2017: HK$21.9 million).

During the Year, the Group had remained keen to seek opportunities for investment, cooperation and/or collaboration with renowned organizations, institution, 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.

Battery management systems and spare parts

The Group has been engaging in the automotive batteries business since 2011.

The Group identifies, secures or sources from time to time quality manufacturers and/or suppliers worldwide with high-level engineering capabilities and/or manufacturing capacities for the Group's automotive innovations and products.

We consider the Group's environmental automobile and related businesses will be restrained unless there is innovative breakthrough in battery architecture and technology. In this respect, we have 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.

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. Each sedan and SUV model offered in the Group's product portfolio will therefore have a unique exterior and interior design and styling as a result of not constraining the overall size of the vehicle or its battery pack respectively.

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.

We have continued the development of our graphene enhanced "Super Battery Technology" in 2018 with functional prototype "a-sample" development. The Group has newly developed a state-of-the-art high voltage 28Ah lithium-ion battery cell using a graphene coating on the anode to improve conductivity, allowing it to charge much faster than other lithium ion cells. The battery is designed for optimum energy and power density, not to mention to guarantee longer service life intervals and support a higher number of recharging cycles. Our battery technology will offer a much wider temperature range than other lithium batteries allowing it to maintain an 80% efficiency at lower temperature extremes.

In addition, the Group has its own manufacturing facilities in Lianyungang, Jiangsu Province, the PRC for the processing of battery cells and assembling of batteries and spare parts into battery management systems. As part of the manufacturing process of the battery management systems, the Group sources battery cells from certain designated suppliers, and provide the necessary expertise, technical know-how and support to such suppliers so as to aid them in building production lines that are developed and tailored for the manufacture and supply of battery cells exclusively to the Group.

For the Year, the total revenue derived from the sales of battery management systems and spare parts amounted to approximately HK$61.2 million (2017: HK$35.1 million). The increase was mainly due to a rise in the volume of sales orders from the Group's customers.

High-tech electric motor vehicles

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

In 2018, we began actively working on innovative ideas with our business partners to develop our cars and automated features. This is expected to bring a new level of autonomous driving and connectivity to our cars to support a safer and more efficient driving experience.

- *Continuous brand building – debut of new concept car*

  Our vision continues to focus on building the brand and creating unique and timeless vehicles and designs. Immediately following the introduction of our fourth concept car HKGT at the 2018 Geneva motor show, we introduced two additional concept cars in 2018 at the Beijing motor show, the K350 luxury SUV and H500 luxury sedan. making a total of six concept cars developed and introduced to date, from a total of 12 that are planned in the overall product portfolio. Work has begun to debut our newest addition to the family of sedans "H300" in the very near future with our continued and long-lasting collaboration with our development partner, Pininfarina S.p.A. ("**Pininfarina**"), a recognized world leading company in the field of design, engineering, prototyping and niche manufacturing of motor vehicles. We are very proud of our accomplishment in the design of our vehicles as they have been very well received by both the media and the public in China and in Europe.

We believe that design/styling will play an important role in what distinguishes us from our competitors. However, our vision goes beyond having a great design. We aim to become a leader in the development and manufacture of clean energy vehicles and endeavour to improve energy efficiency and enhance energy security, safety, and reliability for our customers, which are mainly achieved in the following three ways:

(1) Electrification: Combining our eDrive and our graphene super lithium battery technology with three types of advanced combustion systems and fuels to extend the range capabilities of our cars. Our goal is to maximize mobility and minimize energy consumption from the grid. Thus, eliminating range anxiety and dependencies from the charging infrastructure for our customers.

(2) Integration: We focus relentlessly on developing connected and autonomous synergies with high performance computing and programming capabilities in our electrical systems architecture.

(3) Innovation: We place emphasis on establishing and collaborating with key partners to accelerate innovative "Smart" systems research, development, and production in our vehicles.

- *Establishment of manufacturing base with strategic alliance*

  During the Year, the Group had gained support of a PRC municipal government towards the proposed implementation of a business plan regarding the establishment of a manufacturing base in its municipality. The auspices of the PRC municipal government is expected to create a more favourable business environment for the implementation of the Group's business plan.

During the Year, there was no revenue generated from the segment of high-tech electric motor vehicles (2017: HK$nil).

- *Finance leasing business*

  The Group has a valid business licence 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.

For the Year, the revenue recorded for the Group's finance leasing business was approximately HK$59,000 (2017: HK$301,000).

Advanced batteries materials

The Group is dedicated to the research and development of advanced batteries materials and has an experienced team of experts with diverse expertise in energy management, system controls, power conversion and energy storage technologies for automobiles. During the Year, leveraging their combined expertise, the Group has continued 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. The battery material is still under its research and development stage and did not generate any revenue for the Year.

- *Other research project with academic and research institution*

  One of the Group's ongoing research projects is a 7-year project with the University of California focusing on graphene materials for automobile applications, which is expected to be completed in 2020.

- *Protection of intellectual property rights*

  To protect intellectual property rights, the Group applied for patent registration to the United States Patent and Trademark Office ("USPTO") in respect of our interest in invention (namely, "NANOPOROUS GRAPHENE NANOWIRES AND PRODUCING METHODS AND APPLICATIONS OF SAME"). USPTO approved our application and granted the Group the rights to the invention under the patent number US9,796,592 B2.

For the Year, there was no revenue recorded from this segment of business (2017: Nil).

PROSPECTS

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

The PRC government is keen on combating air pollution and narrowing the competitive gap between the global rivals and its domestic automakers. To this end, the PRC government has postponed implementing tough new sales quotas for new energy vehicles (NEVs), which cover all electric battery vehicles (including electric plug-in hybrids), and set goals for NEVs to make up at least one-fifth of PRC auto sales by the end of the next two decades. Besides, the Chinese government will extend tax debate on purchases of NEVs until the end of 2020, and the Ministry of Finance of the PRC has announced that tax exemption for NEVs will be extended until the end of 2020. These are welcoming policies and incentives for the PRC automobile industry, as they are expected to spark a flurry of electric car deals and new launches of new models of NEVs, and prompt automakers to look for concrete and solid technology for the manufacturing of NEVs. We are fully confident about the market potentials for the development of NEVs in the foreseeable future.

We believe that we have prepared the Group for golden opportunities as the Group 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 NEV on its own and formulated business strategies to cater for the need of, and the anticipated demand from, the vast of the market. With the debut of our concept cars in the international arena, we have positioned ourselves as one of the global NEVs manufacturers in the future.

Leveraging on the above market trend and the foundation of the Group, we will continue to strive for further technological advancement in the development of NEVs. Like all market players in the global automobile industry, in particular NEVs manufacturers, the Group will continue to invest heavily in research and development. We will continue to closely collaborate with our business partners to explore business or investment opportunities as it has always been the Company’s strategy to increase its working capital for the expansion of the business of the Group. To complement our NEVs business, the Group will continue to engage and expand its financing leasing business to fully equip the Group as an integrated automaker and auto finance company. We believe our business plans, our persistence in following our business philosophy to bring ideas, innovations and changes to the automobile industry and our unwavering efforts will allow us to better pursue and diversify our businesses, widen our income streams and ultimately create long-term values for all our stakeholders.

OTHER INFORMATION – UPDATE ON THE LEGAL PROCEEDINGS IN THE US AGAINST MEMBERS OF THE GROUP

Reference is made to the Company's announcements dated 26 March 2017 and 14 November 2017 (collectively, the "**Announcements**") and to the Company's prior disclosure regarding the Lawsuit referred to in the Announcements and commenced by Townsend Ventures LLC, XALT Energy LLC and XALT Energy MI, LLC (collectively, "**XALT**") against the Company and alongside its subsidiary, Billion Energy Holdings Limited ("**Billion Energy**") in the U.S. District Court for the Northern District of Maryland.

As previously disclosed, the Lawsuit centered on a written agreement between Billion Energy and XALT Energy, LLC (the "**Supply Agreement**"). In August 2017, the U.S. District Court granted the Company's motion to compel that the claims in the Lawsuit be subject to binding arbitration in Hong Kong, before the Hong Kong International Arbitration Centre, as required by the Supply Agreement. 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 judgment if and when there is a final ruling after trial at arbitration from the Hong Kong International 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 U.S. District Court's order was issued, XALT has not, to the best of our Directors' knowledge, taken any steps to initiate such an arbitration. Currently, our Directors are not aware of any active, open litigation between the Group and XALT relating to the claims stated in the Lawsuit, and to date, no discovery has been exchanged between the parties to the Lawsuit.

The Company disputes the claims in the Lawsuit. There is no assurance that any proceeding regarding the Lawsuit will or will not be commenced. Litigation is inherently unpredictable. If any litigation is initiated before the Hong Kong International Arbitration Centre, the Company will aggressively defend the Lawsuit. The Company, after consultation with its legal counsel and based on its current understanding of the facts, believes it has meritorious defenses to all claims.

Views of the Audit Committee and the Board on the audit opinion of the Auditor

The Audit Committee and the Board, after discussion with the Auditor on its opinion to the Auditor's report, have the following views:

Views on the basis of qualified opinion – Prepayment to a supplier

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) and, except for the uncertainty or possible effect of the matters leading to the Auditor's qualified opinion disclosed herein, the consolidated financial statements of the Group for the financial year ended 31 December 2018 give a true and fair view of the performance and financial position of the Group as at 31 December 2018.

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 and 2018 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 audit qualification will not be carried forward to the Group's financial statements for the financial year ending 31 December 2019.

Material uncertainty related to going concern

It has always been the Company's strategy to explore opportunities with its business partners or potential investors to enhance the Group's financial capability and flexibility for the expansion of the business of the Group, including but not limited to, further research and development of the electric vehicles and the finance leasing business. Apart from the continuing financial support from our major shareholder, the Group is close to consummate collaborations with certain potential business partners and investors who have expressed interests in business or investment opportunities with the Group. In the event that any of these collaborations and/or investments can be consummated and formal agreement(s) be entered into, the Company will comply with the applicable requirements under the Listing Rules and make further announcements as and where appropriate.

Based on the above, the Audit Committee and the Board consider that the Group will have sufficient working capital for the operation and development of its business so that such audit emphasis of matter will not be carried forward to the Group's financial statements for the year ending 31 December 2019.

MATERIAL ACQUISITION OR DISPOSAL

The GBS Disposal

On 16 July 2018, the Group entered into three several conditional equity transfer agreements in relation to the disposal of its entire interest in 浙江佳貝思綠色能源有限公司 (Zhejiang GBS Energy Co., Ltd.*) ("**GBS**") (representing an aggregate of 25% of the entire equity interest of GBS) for a total consideration of RMB88,614,062.38 (equivalent to approximately HK$106,408,000) (the "**GBS Disposal**"). The GBS Disposal constituted a very substantial disposal for the Company under Chapter 14 of the Listing Rules. The GBS Disposal was yet to be completed as at the date of this announcement.

Please refer to the Company's announcements dated 16 July 2018 and 13 September 2018 and the Company's circular dated 27 August 2018 for details.

The Dissolution of the EJV

On 18 October 2018, HK Battery Technology Inc. ("**HKBT**")(a subsidiary of the Company) and 安徽天康（集團）股份有限公司 (Anhui Tiankang (Group) Co., Ltd.*)("**Anhui Tiankang Group**"), being the joint venture partner to Anhui Tiankang HK New Energy Technology Co., Ltd（安徽天康正道新能源科技有限公司）(the "**EJV**"), reached agreement and resolved to terminate the EJV agreement dated 3 December 2016 entered into by Anhui Tiankang Group and HKBT in relation to and governing the establishment of the EJV and dissolve the EJV on a voluntary basis (the "**Dissolution**"). The Dissolution constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The Dissolution was completed on 30 October 2018.

Please refer to the Company's announcement dated 18 October 2018 for details.

Save as disclosed above, 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 announcement).

FUND RAISING ACTIVITIES AND USE OF PROCEED DURING THE YEAR

During the Year, the Company has 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 2018, the total equity of the Group amounted to approximately HK$1,239.0 million (31 December 2017: HK$1,604.8 million).

The gearing ratio of the Group as at 31 December 2018 measured in terms of total liabilities divided by shareholders' equity was approximately 4.94% (31 December 2017: 3.85%).

As at 31 December 2018, net current assets of the Group were approximately HK$552.0 million (31 December 2017: HK$857.0 million). The cash and cash equivalents amounted to HK$45.8 million (31 December 2017: HK$311.8 million). The Group did not have outstanding borrowings (31 December 2017: 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.

PLEDGE OF THE GROUP'S ASSETS

As at 31 December 2018, the Group had pledged its bank deposits of HK$2.0 million (31 December 2017: 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.

DIVIDEND

The Directors do not recommend the payment of any final dividend to shareholders of the Company for the year ended 31 December 2018 (2017: Nil).

HUMAN RESOURCES AND REMUNERATION POLICIES

The Group had a total of approximately 228 employees as at 31 December 2018 (31 December 2017: 294 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.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to ensure better transparency and protection of the interests of the Company and its shareholders as a whole 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, the Company had adopted and complied with the code provisions of 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**") except the following deviation:

Code Provision E.1.2

Pursuant to code provision E.1.2 of the Corporate Governance Code, the chairman of the board should attend the annual general meeting and arrange for the chairman of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairman of such committees, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at the annual general meeting. The chairman of the independent board committee (if any) should be available to answer questions at any general meeting to approve a connected transaction or any transaction that is subject to independent shareholders' approval.

The chairman of the Board could not attend the annual general meeting of the Company held on 1 June 2018 due to business matters. Mr Ting Kwok Kit Johnny, being one of the executive Directors and the delegate appointed by the chairman, attended the annual general meeting to ensure effective communication with the shareholders of the Company.

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.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company had reviewed and discussed with the management of the Company regarding the consolidated financial statements of the Group for the Year.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED ON THIS PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2018 as set out in this preliminary announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA LIMITED, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by ZHONGHUI ANDA CPA LIMITED in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA LIMITED on this preliminary announcement.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 6 June 2019 to Wednesday, 12 June 2019 (both days inclusive) for the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting (the "**AGM**") of the Company to be held on Wednesday, 12 June 2019. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates should be lodged for registration with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Wednesday, 5 June 2019.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement for the Year is published on the respective websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://hk1188.etnet.com.hk). The annual report of the Company for the Year will be available on the respective websites of the Stock Exchange and the Company, and despatched to the shareholders of the Company in due course.

By Order of the Board
HYBRID KINETIC GROUP LIMITED
Yeung Yung
Chairman

Hong Kong, 29 March 2019

As at the date of this announcement, the Board comprises ten executive Directors, namely Dr Yeung Yung (Chairman), Mr Xu Jianguo (Chief Executive Officer), Mr Hui Wing Sang, Wilson (Deputy Chairman), 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 and Mr Chen Xiao, one non-executive Director, namely Dr Xia Tingkang, Tim and six independent non-executive Directors, namely Dr Song Jian, Dr Zhu Guobin, Mr Cheng Tat Wa, Dr Li Jianyong, Mr Chan Sin Hang and Mr Lee Cheung Yuet, Horace.

* *For identification purposes only*