



**HYBRID KINETIC GROUP LIMITED**  
**正道集團有限公司**

(Stock Code: 01188)



**INTERIM  
REPORT  
2015**

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Dr. Yeung Yung (*Chairman*)  
Dr. Huang Chunhua (*Deputy Chairman*)  
Mr. Hui Wing Sang, Wilson (*Deputy Chairman*)  
Dr. Wang Chuantao (*Chief Executive Officer*)  
Mr. Liu Stephen Quan  
Dr. Zhu Shengliang  
Mr. Xu Jianguo  
Mr. Li Zhengshan  
Mr. Ting Kwok Kit, Johnny  
Mr. Chen Xiao

#### Non-executive Director

Dr. Xia Tingkang, Tim

#### Independent Non-Executive Directors

Mr. Wong Lee Hing  
Dr. Song Jian  
Dr. Zhu Guobin  
Mr. Cheng Tat Wa  
Dr. Li Jianyong  
Mr. Chan Sin Hang

### COMPANY SECRETARY

Mr. Ting Kwok Kit, Johnny

### AUDITOR

BDO Limited  
Certified Public Accountants  
25th Floor, Wing On Centre  
111 Connaught Road Central  
Hong Kong

### PRINCIPAL BANKERS

East West Bank  
(U.S. branch)  
9550 Flair Drive  
E1Monte CA91731

HSBC

### PRINCIPAL OFFICE

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

### REGISTERED OFFICE

Canon's Court  
22 Victoria Street  
Hamilton HM 12  
Bermuda

### HONG KONG LEGAL ADVISOR

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

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Management (Bermuda) Ltd.  
Canon's Court  
22 Victoria Street  
Hamilton, HM12  
Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

The board of directors (the "Board") of Hybrid Kinetic Group Limited (the "Company") would like to present the unaudited consolidated interim results of the Company and its subsidiaries (together, the "Group") for the six months ended 30 June 2015 (the "Period") together with the comparative figures for the corresponding period in 2014:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

|  | Notes | Six months ended 30 June        |                                 |
|--|-------|---------------------------------|---------------------------------|
|  |       | 2015<br>HK\$'000<br>(Unaudited) | 2014<br>HK\$'000<br>(Unaudited) |
| <b>Continuing operations</b>   |       |                                 |                                 |
| <b>Revenue</b>   | 3     | 26,987                          | –                               |
| Cost of sales  |       | (26,459)                        | –                               |
| <b>Gross profit</b>  |       | 528                             | –                               |
| Other income   |       | 5,155                           | 2,270                           |
| Distribution costs and general operating expenses                              |       | (77,859)                        | (49,482)                        |
| Change in fair value of other financial asset                                  |       | –                               | (2,000)                         |
| Finance costs  |       | –                               | (286)                           |
| Share of result of an associate  |       | (425)                           | –                               |
| <b>Loss before income tax</b>  | 5     | (72,601)                        | (49,498)                        |
| Income tax expense   | 6     | (138)                           | –                               |
| <b>Loss for the period from continuing operations</b>                          |       | (72,739)                        | (49,498)                        |
| <b>Discontinued operations</b>   |       |                                 |                                 |
| Loss for the period from discontinued operations                               | 7.1   | (11,034)                        | (10,210)                        |
| <b>Loss for the period</b>   |       | (83,773)                        | (59,708)                        |
| <b>Other comprehensive income</b>  |       |                                 |                                 |
| <b>Items that may be reclassified subsequently to profit or loss:</b>          |       |                                 |                                 |
| Exchange differences on translation of financial statements of subsidiaries    |       | (2,245)                         | (5,259)                         |
| Release of translation reserve to profit or loss upon disposal of a subsidiary |       | (3,938)                         | –                               |
| <b>Other comprehensive income for the period</b>                               |       | (6,183)                         | (5,259)                         |
| <b>Total comprehensive income for the period</b>                               |       | (89,956)                        | (64,967)                        |
| <b>Loss for the period attributable to:</b>                                    |       |                                 |                                 |
| Owners of the Company  |       | (80,924)                        | (57,891)                        |
| Non-controlling interests  |       | (2,849)                         | (1,817)                         |
|  |       | (83,773)                        | (59,708)                        |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2015

|  | Notes | Six months ended 30 June        |                                 |
|--|-------|---------------------------------|---------------------------------|
|  |       | 2015<br>HK\$'000<br>(Unaudited) | 2014<br>HK\$'000<br>(Unaudited) |
| <b>Total comprehensive income for the period attributable to:</b>                      |       |                                 |                                 |
| Owners of the Company  |       | (87,113)                        | (61,176)                        |
| Non-controlling interests  |       | (2,843)                         | (3,791)                         |
|  |       | <b>(89,956)</b>                 | <b>(64,967)</b>                 |
| <b>Loss per share for loss attributable to owners of the Company during the period</b> | 8     |                                 |                                 |
| <b>From continuing and discontinued operations</b>                                     |       |                                 |                                 |
| Loss per share – basic   |       | HK (0.53) cent                  | HK (0.53) cent                  |
| Loss per share – diluted   |       | N/A                             | N/A                             |
| <b>From continuing operations</b>  |       |                                 |                                 |
| Loss per share – basic   |       | HK (0.46) cent                  | HK (0.44) cent                  |
| Loss per share – diluted   |       | N/A                             | N/A                             |
| <b>From discontinued operations</b>  |       |                                 |                                 |
| Loss per share – basic   |       | HK (0.07) cent                  | HK (0.09) cent                  |
| Loss per share – diluted   |       | N/A                             | N/A                             |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

|   |     | As at<br>30 June<br>2015<br>HK\$'000<br>(Unaudited) | As at<br>31 December<br>2014<br>HK\$'000<br>(Audited) |
|---|-----|---|---|
| <b>ASSETS AND LIABILITIES</b>                                 |     |   |   |
| <b>Non-current assets</b>                                     |     |   |   |
| Property, plant and equipment                                 | 10  | 38,080  | 23,062  |
| Interest in an associate                                      | 11  | 6,807   | –   |
| Available-for-sale financial asset                            | 12  | 15,156  | –   |
| Prepayments and deposits                                      |     | 47,741  | 94,454  |
| Other investment  |     | 12,212  | 11,479  |
|   |     | <b>119,996</b>                                      | 128,995   |
| <b>Current assets</b>   |     |   |   |
| Inventories   | 13  | 17,987  | –   |
| Trade receivables   | 14  | 18,945  | –   |
| Prepayments, deposits and other receivables                   | 15  | 578,318   | 131,857   |
| Amount due from a non-controlling shareholder of a subsidiary |     | 2,627   | 2,624   |
| Derivative financial asset                                    |     | 2,547   | 4,326   |
| Short-term investments  |     | –   | 11,346  |
| Structured bank deposits                                      |     | 479,940   | 100,856   |
| Pledged bank deposits   |     | 807   | 807   |
| Cash and cash equivalents                                     |     | 1,242,282   | 202,071   |
|   |     | <b>2,343,453</b>                                    | 453,887   |
| Assets of a disposal company classified as held for sale      | 7.2 | –   | 136,433   |
|   |     | <b>2,343,453</b>                                    | 590,320   |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2015

|  |     | As at<br>30 June<br>2015<br>HK\$'000<br>(Unaudited) | As at<br>31 December<br>2014<br>HK\$'000<br>(Audited) |
|--|-----|---|---|
| <b>Current liabilities</b>                                       |     |   |   |
| Trade payables   | 16  | 15,494  | 134   |
| Accruals and other payables                                      | 17  | 29,477  | 42,876  |
| Borrowings   |     | 207   | 207   |
| Tax payable  |     | 142   | 4   |
|  |     | <b>45,320</b>                                       | 43,221  |
| Liabilities of a disposal company classified<br>as held for sale | 7.2 | –   | 63,681  |
|  |     | <b>45,320</b>                                       | 106,902   |
| <b>Net current assets</b>  |     | <b>2,298,133</b>                                    | 483,418   |
| <b>Total assets less current liabilities</b>                     |     | <b>2,418,129</b>                                    | 612,413   |
| <b>Net assets</b>  |     | <b>2,418,129</b>                                    | 612,413   |
| <b>EQUITY</b>  |     |   |   |
| <b>Equity attributable to owners of the Company</b>              |     |   |   |
| Share capital  | 18  | 2,008,135   | 1,418,714   |
| Reserves   |     | 377,564   | (841,574)   |
|  |     | <b>2,385,699</b>                                    | 577,140   |
| Non-controlling interests  |     | 32,430  | 35,273  |
| <b>Total equity</b>  |     | <b>2,418,129</b>                                    | 612,413   |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

|   | Six months ended 30 June |             |
|---|--------------------------|-------------|
|   | 2015                     | 2014        |
|   | HK\$'000                 | HK\$'000    |
|   | (Unaudited)              | (Unaudited) |
| <b>Cash flows from operating activities of continuing and discounted operations</b> |                          |             |
| Loss before income tax  |                          |             |
| Continuing operations   | (72,601)                 | (49,498)    |
| Discontinued operations   | (11,090)                 | (10,545)    |
| Adjustments for:  |                          |             |
| Share-based compensation  | –                        | 1,630       |
| Share of result of an associate   | 425                      | –           |
| Interest income   | (581)                    | (324)       |
| Imputed interest income on long-term non-interest bearing deposits                  | (733)                    | (994)       |
| Interest expense  | 110                      | 1,036       |
| Depreciation of property, plant and equipment                                       | 3,695                    | 4,613       |
| Amortisation of intangible assets   | 373                      | 2,243       |
| Fair value loss on derivative financial asset                                       | 1,779                    | 4,151       |
| Impairment of trade receivables   | –                        | 603         |
| Impairment of other receivables   | –                        | 2,999       |
| Gain on disposal of property, plant and equipment                                   | –                        | (815)       |
| Change in fair value of other financial asset                                       | –                        | 2,000       |
| Loss on disposal of a subsidiary  | 10,635                   | –           |
| Operating loss before working capital changes                                       | (67,988)                 | (42,901)    |
| (Increase)/decrease in inventories  | (17,903)                 | 3,198       |
| Increase in trade receivables   | (20,982)                 | (1,139)     |
| (Increase)/decrease in bills receivable   | (555)                    | 605         |
| (Increase)/decrease in other receivables, prepayments and deposits                  | (454,811)                | 51,801      |
| Increase/(decrease) in trade payables   | 16,452                   | (432)       |
| Decrease in accruals and other payables   | (12,746)                 | (7,320)     |
| Decrease in bills payable   | –                        | (7,970)     |
| Cash used in operations   | (558,533)                | (4,158)     |
| Interest paid   | (110)                    | (1,036)     |
| Income tax paid   | –                        | (316)       |
| Net cash used in operating activities   | (558,643)                | (5,510)     |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2015

|   | Six months ended 30 June |                 |
|---|--------------------------|-----------------|
|   | 2015                     | 2014            |
|   | HK\$'000                 | HK\$'000        |
|   | (Unaudited)              | (Unaudited)     |
| <b>Cash flows from investing activities of continuing and discontinued operations</b> |                          |                 |
| Purchase of property, plant and equipment   | (19,073)                 | (9,625)         |
| Purchase of available-for-sale financial asset  | (15,156)                 | –               |
| Purchase of short-term investment   | –                        | (54,128)        |
| Settlement of short-term investment   | 11,346                   | 45,317          |
| Net proceeds from disposal of contingent share consideration                          | 30,212                   | –               |
| Establishment of a subsidiary   | 46,713                   | –               |
| Net cash inflow from disposal of a subsidiary   | 43,574                   | –               |
| Settlement from a non-controlling shareholder of a subsidiary                         | –                        | 54,126          |
| Interest received   | 581                      | 324             |
| Proceeds from disposal of property, plant and equipment                               | –                        | 641             |
| Increase in pledged bank deposits   | –                        | (934)           |
| Increase in structured bank deposits  | (379,084)                | (10,700)        |
| Net cash (used in)/generated from investing activities                                | (280,887)                | 25,021          |
| <b>Cash flows from financing activities of continuing and discontinued operations</b> |                          |                 |
| Proceeds from issuance of share capital   | 1,776,510                | 197,975         |
| Share issue expenses  | (6,710)                  | (323)           |
| Proceeds from share issued under share options scheme                                 | 103,895                  | –               |
| Capital reduction from non-controlling interests                                      | –                        | (250,944)       |
| Proceeds from borrowings  | 5,586                    | 23,366          |
| Repayment of borrowings   | –                        | (5,072)         |
| Net cash generated from/(used in) financing activities                                | 1,879,281                | (34,998)        |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                           | <b>1,039,751</b>         | <b>(15,487)</b> |
| <b>Cash and cash equivalents at 1 January</b>   | <b>203,995</b>           | <b>147,996</b>  |
| <b>Effect of exchange rate fluctuation</b>  | <b>(1,464)</b>           | <b>(5,867)</b>  |
| <b>Cash and cash equivalents at 30 June</b>   | <b>1,242,282</b>         | <b>126,642</b>  |
| <b>Analysis of balances of cash and cash equivalents</b>                              |                          |                 |
| Cash and bank balances  | 1,242,282                | 126,642         |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

|   | Equity attributable to owners of the Company |                  |                     |                             |                |                    | Non-                  | Total          |                  |
|---|--|------------------|---------------------|-----------------------------|----------------|--------------------|-----------------------|----------------|------------------|
|   | Share capital                                | Share premium    | Translation reserve | Equity compensation reserve | Other reserves | Accumulated losses | controlling interests | equity         |                  |
|   | HK\$'000                                     | HK\$'000         | HK\$'000            | HK\$'000                    | HK\$'000       | HK\$'000           | HK\$'000              | HK\$'000       |                  |
|   | (Unaudited)                                  | (Unaudited)      | (Unaudited)         | (Unaudited)                 | (Unaudited)    | (Unaudited)        | (Unaudited)           | (Unaudited)    |                  |
| At 1 January 2015   | 1,418,714                                    | 727,895          | 9,868               | 366,715                     | (35,491)       | (1,910,561)        | 577,140               | 35,273         | 612,413          |
| <b>Transactions with owners</b>   |  |                  |                     |                             |                |                    |                       |                |                  |
| Subscription of new shares  | 516,922                                      | 1,259,588        | -                   | -                           | -              | -                  | 1,776,510             | -              | 1,776,510        |
| Share issuance expenses   | -  | (6,710)          | -                   | -                           | -              | -                  | (6,710)               | -              | (6,710)          |
| Recognition of equity-settled share-based compensation                      | 72,499                                       | 111,921          | -                   | (80,525)                    | -              | -                  | 103,895               | -              | 103,895          |
| Settlement of contingent share consideration receivable                     | -  | -                | -                   | -                           | 21,977         | -                  | 21,977                | -              | 21,977           |
| <b>Total transactions with owners</b>                                       | <b>589,421</b>                               | <b>1,364,799</b> | <b>-</b>            | <b>(80,525)</b>             | <b>21,977</b>  | <b>-</b>           | <b>1,895,672</b>      | <b>-</b>       | <b>1,895,672</b> |
| Loss for the period   | -  | -                | -                   | -                           | -              | (80,924)           | (80,924)              | (2,849)        | (83,773)         |
| <b>Other comprehensive income</b>   |  |                  |                     |                             |                |                    |                       |                |                  |
| Exchange differences on translation of financial statements of subsidiaries | -  | -                | (2,251)             | -                           | -              | -                  | (2,251)               | 6              | (2,245)          |
| Disposal of a subsidiary  | -  | -                | (3,938)             | -                           | -              | -                  | (3,938)               | -              | (3,938)          |
| <b>Total comprehensive income</b>   | <b>-</b>                                     | <b>-</b>         | <b>(6,189)</b>      | <b>-</b>                    | <b>-</b>       | <b>(80,924)</b>    | <b>(87,113)</b>       | <b>(2,843)</b> | <b>(89,956)</b>  |
| At 30 June 2015   | 2,008,135                                    | 2,092,694        | 3,679               | 286,190                     | (13,514)       | (1,991,485)        | 2,385,699             | 32,430         | 2,418,129        |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2015

|  | Equity attributable to owners of the Company |                         |                         |                                   |                         |                         | Total          | Non-<br>controlling<br>interests | Total<br>equity |
|--|--|-------------------------|-------------------------|-----------------------------------|-------------------------|-------------------------|----------------|----------------------------------|-----------------|
|  | Share<br>capital                             | Share<br>premium        | Translation<br>reserve  | Equity<br>compensation<br>reserve | Other<br>reserve        | Accumulated<br>losses   |                |                                  |                 |
|  | HK\$'000<br>(Unaudited)                      | HK\$'000<br>(Unaudited) | HK\$'000<br>(Unaudited) | HK\$'000<br>(Unaudited)           | HK\$'000<br>(Unaudited) | HK\$'000<br>(Unaudited) |                |                                  |                 |
| At 1 January 2014  | 1,041,116                                    | 620,418                 | 7,554                   | 172,358                           | -                       | (1,495,405)             | 346,041        | 295,246                          | 641,287         |
| <b>Transactions with owners</b>  |  |                         |                         |                                   |                         |                         |                |                                  |                 |
| Subscription of new shares   | 197,975                                      | -                       | -                       | -                                 | -                       | -                       | 197,975        | -                                | 197,975         |
| Share issuance expenses  | -  | (323)                   | -                       | -                                 | -                       | -                       | (323)          | -                                | (323)           |
| Recognition of equity-settled share-based<br>compensation                      | -  | -                       | -                       | 1,630                             | -                       | -                       | 1,630          | -                                | 1,630           |
| Additional interests in a subsidiary<br>acquired by the Group                  | -  | -                       | -                       | -                                 | (514)                   | -                       | (514)          | 514                              | -               |
| Capital reduction from non-controlling interests                               | -  | -                       | -                       | -                                 | -                       | -                       | -              | (250,944)                        | (250,944)       |
| <b>Total transactions with owners</b>  | 197,975                                      | (323)                   | -                       | 1,630                             | (514)                   | -                       | 198,768        | (250,430)                        | (51,662)        |
| Loss for the period  | -  | -                       | -                       | -                                 | -                       | (57,891)                | (57,891)       | (1,817)                          | (59,708)        |
| <b>Other comprehensive income</b>  |  |                         |                         |                                   |                         |                         |                |                                  |                 |
| Exchange differences on translation of<br>financial statements of subsidiaries | -  | -                       | (3,285)                 | -                                 | -                       | -                       | (3,285)        | (1,974)                          | (5,259)         |
| <b>Total comprehensive income</b>  | -  | -                       | (3,285)                 | -                                 | -                       | (57,891)                | (61,176)       | (3,791)                          | (64,967)        |
| <b>At 30 June 2014</b>   | <b>1,239,091</b>                             | <b>620,095</b>          | <b>4,269</b>            | <b>173,988</b>                    | <b>(514)</b>            | <b>(1,553,296)</b>      | <b>483,633</b> | <b>41,025</b>                    | <b>524,658</b>  |

## NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

### 1. BASIS OF PREPARATION

This unaudited interim financial information (the "Unaudited Interim Financial Information") has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and with the applicable disclosure provisions in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Unaudited Interim Financial Information does not include all of the information required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements of the Company for the year ended 31 December 2014 (the "2014 Annual Financial Statements").

The Unaudited Interim Financial Information for the six months ended 30 June 2015 was approved for issue by the board of directors on 31 August 2015.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Unaudited Interim Financial Information has been prepared in accordance with the accounting policies and method of comparatives used in the 2014 Annual Financial Statements, except for the adoption of the new or revised Hong Kong Financial Reporting Standards ("HKFRSs"), which include individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Int"). The adoption of these new or revised HKFRSs has had no material impact on the Group's financial statements. The Group has not early adopted any new or revised HKFRSs that have been issued but are not yet effective.

### 3. REVENUE

Revenue, which is also the Group's turnover, represents total invoiced value of goods supplied, after allowance for returns and discounts (net of value added tax).

### 4. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Company's executive directors. The executive directors have identified the Group's product and service lines as operating segments as follows:

- (i) development of high-tech electric motor vehicles;
- (ii) development of advanced batteries materials;
- (iii) development of hybrid vehicles; and
- (iv) natural resources business.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

During the six months ended 30 June 2015 and year ended 31 December 2014, the Group has discontinued its operations of development and manufacturing of lithium-ion power battery and these operations had been presented as discontinued operations in the Unaudited Interim Financial Information and not presented in the segment information. Further details regarding the results of these discontinued operations are set out in note 7.1.

#### 4. SEGMENT INFORMATION (CONTINUED)

For the six months ended 30 June 2015

|   | High-tech<br>electric<br>motor vehicles<br>business<br>HK\$'000<br>(Unaudited) | Advanced<br>batteries<br>materials<br>business<br>HK\$'000<br>(Unaudited) | Hybrid<br>vehicles<br>business<br>HK\$'000<br>(Unaudited) | Natural<br>resources<br>business<br>HK\$'000<br>(Unaudited) | Total<br>HK\$'000<br>(Unaudited) |
|---|--|---|---|---|----------------------------------|
| Revenue   |  |   |   |   |                                  |
| Sales to external customers                                       | 26,987   | -   | -   | -   | 26,987                           |
| Segment results   | (2,050)  | (4,751)   | -   | -   | (6,801)                          |
| Unallocated corporate<br>income and expense, net                  |  |   |   |   | (65,800)                         |
| Loss before income tax  |  |   |   |   | (72,601)                         |
| Income tax expense  |  |   |   |   | (138)                            |
| Loss for the period from<br>continuing operations                 |  |   |   |   | (72,739)                         |
| Loss for the period from<br>discontinued operations<br>(note 7.1) |  |   |   |   | (11,034)                         |
| Loss for the period   |  |   |   |   | (83,773)                         |

#### 4. SEGMENT INFORMATION (CONTINUED)

As at 30 June 2015

|  | High-tech<br>electric<br>motor vehicles<br>business<br>HK\$'000<br>(Unaudited) | Advanced<br>batteries<br>materials<br>business<br>HK\$'000<br>(Unaudited) | Hybrid<br>vehicles<br>business<br>HK\$'000<br>(Unaudited) | Natural<br>resources<br>business<br>HK\$'000<br>(Unaudited) | Total<br>HK\$'000<br>(Unaudited) |
|--|--|---|---|---|----------------------------------|
| Segment assets   | 548,051  | 27,606  | 955   | 6,238   | 582,850                          |
| Amount due from a non-<br>controlling shareholder<br>of a subsidiary |  |   |   |   | 2,627                            |
| Structured bank deposits   |  |   |   |   | 479,940                          |
| Cash and cash equivalents<br>held by the Group's<br>headquarter      |  |   |   |   | 1,154,110                        |
| Unallocated corporate<br>assets                                      |  |   |   |   | 243,922                          |
| Total assets   |  |   |   |   | 2,463,449                        |
| Segment liabilities  | 25,167   | 255   | 7,908   | 9,101   | 42,431                           |
| Borrowings   |  |   |   |   | 207                              |
| Tax payable  |  |   |   |   | 142                              |
| Unallocated corporate<br>liabilities                                 |  |   |   |   | 2,540                            |
| Total liabilities  |  |   |   |   | 45,320                           |

#### 4. SEGMENT INFORMATION (CONTINUED)

For the six months ended 30 June 2014

|   | High-tech<br>electric<br>motor vehicles<br>business<br>HK\$'000<br>(Unaudited) | Advanced<br>batteries<br>materials<br>business<br>HK\$'000<br>(Unaudited) | Hybrid<br>vehicles<br>business<br>HK\$'000<br>(Unaudited) | Natural<br>resources<br>business<br>HK\$'000<br>(Unaudited) | Total<br>HK\$'000<br>(Unaudited) |
|---|--|---|---|---|----------------------------------|
| Revenue   |  |   |   |   |                                  |
| Sales to external customers                                       | -  | -   | -   | -   | -                                |
| Segment results   | -  | (1,926)   | (7,434)   | (4,926)   | (14,286)                         |
| Unallocated corporate<br>income and expense, net                  |  |   |   |   | (33,582)                         |
| Share-based compensation  |  |   |   |   | (1,630)                          |
| Loss before income tax  |  |   |   |   | (49,498)                         |
| Income tax expense  |  |   |   |   | -                                |
| Loss for the period from<br>continuing operations                 |  |   |   |   | (49,498)                         |
| Loss for the period from<br>discontinued operations<br>(note 7.1) |  |   |   |   | (10,210)                         |
| Loss for the period   |  |   |   |   | (59,708)                         |

#### 4. SEGMENT INFORMATION (CONTINUED)

As at 31 December 2014

|   | High-tech<br>electric<br>motor vehicles<br>business<br>HK\$'000<br>(Audited) | Advanced<br>batteries<br>materials<br>business<br>HK\$'000<br>(Audited) | Hybrid<br>vehicles<br>business<br>HK\$'000<br>(Audited) | Natural<br>resources<br>business<br>HK\$'000<br>(Audited) | Total<br>HK\$'000<br>(Audited) |
|---|--|---|---|---|--------------------------------|
| Segment assets  | 111,133  | 41,311  | 1,010   | 8,233   | 161,687                        |
| Amount due from a non-<br>controlling shareholder<br>of a subsidiary                    |  |   |   |   | 2,624                          |
| Short-term investments  |  |   |   |   | 11,346                         |
| Structured bank deposits  |  |   |   |   | 100,856                        |
| Cash and cash equivalents<br>held by the Group's<br>headquarter                         |  |   |   |   | 173,410                        |
| Assets of a disposal<br>company classified as<br>held for sale ( <i>note 7.2</i> )      |  |   |   |   | 136,433                        |
| Unallocated corporate<br>assets   |  |   |   |   | 132,959                        |
| Total assets  |  |   |   |   | 719,315                        |
| Segment liabilities   | 4,548  | 254   | 7,894   | 9,084   | 21,780                         |
| Liabilities of a disposal<br>company classified as<br>held for sale ( <i>note 7.2</i> ) |  |   |   |   | 63,681                         |
| Borrowings  |  |   |   |   | 207                            |
| Tax payable   |  |   |   |   | 4                              |
| Unallocated corporate<br>liabilities  |  |   |   |   | 21,230                         |
| Total liabilities   |  |   |   |   | 106,902                        |

#### 4. SEGMENT INFORMATION (CONTINUED)

Management determines the Group is domiciled in Hong Kong, which is the location of the Group's principal office.

At 30 June 2015, non-current assets (other than financial instruments) of HK\$1,604,000 (31 December 2014: HK\$1,807,000), HK\$73,363,000 (31 December 2014: HK\$102,379,000) and HK\$17,661,000 (31 December 2014: HK\$13,330,000) are located in Hong Kong, the People's Republic of China (the "PRC") and the United States respectively.

The geographical location of non-current assets (other than financial instruments) is based on the physical location of the assets.

#### 5. LOSS BEFORE INCOME TAX

|   | Six months ended 30 June |               |
|---|--------------------------|---------------|
|   | 2015                     | 2014          |
|   | HK\$'000                 | HK\$'000      |
|   | (Unaudited)              | (Unaudited)   |
| <b>Continuing operations</b>                                |                          |               |
| Loss before income tax is arrived after charging:           |                          |               |
| Depreciation of property, plant and equipment               | 3,214                    | 1,819         |
| Change in fair value of other financial asset               | –                        | 2,000         |
| Change in fair value of derivative financial asset          | 1,779                    | 4,151         |
| Operating lease charges in respect of land and buildings    | 2,406                    | 2,339         |
| Employee benefit expense (including directors' emoluments): |                          |               |
| Wages and salaries  | 28,084                   | 19,008        |
| Pension costs – defined contribution plans                  | 366                      | 374           |
| Other benefits  | 861                      | 381           |
| Share-based compensation                                    | –                        | 1,630         |
|   | <b>29,311</b>            | <b>21,393</b> |

#### 6. INCOME TAX EXPENSE

|   | Six months ended 30 June |             |
|---|--------------------------|-------------|
|   | 2015                     | 2014        |
|   | HK\$'000                 | HK\$'000    |
|   | (Unaudited)              | (Unaudited) |
| <b>Continuing operations</b>            |                          |             |
| Current tax – PRC Enterprise Income Tax | 138                      | –           |

For the six months ended 30 June 2015 and 2014, no provision for Hong Kong profits tax has been made as the Group did not derive any assessable profits for the year in Hong Kong. Taxation on PRC and overseas profits has been calculated on the estimated assessable profit for those periods at the rates of taxation prevailing in the jurisdictions in which the Group operates.

## 7. DISCONTINUED OPERATIONS/ASSETS OF A DISPOSAL COMPANY CLASSIFIED AS HELD FOR SALE/ LIABILITIES OF A DISPOSAL COMPANY CLASSIFIED AS HELD FOR SALE

The Group's management committed to dispose of 75% equity interest in Zhejiang GBS Energy Co., Ltd. ("GBS") as at 31 December 2014.

In accordance with HKFRS 5, the Group has reclassified the assets and liabilities of GBS as at 31 December 2014 as assets/liabilities classified as held for sale in the Group's consolidated statement of financial position. In addition, the discontinued operations of development and manufacturing of lithium-ion power battery represents separate major line of business, and the operations and cash flows of which can be clearly distinguished from the rest of the Group. The Group has also re-presented the disclosures related to these operations that have been discontinued by the reporting date for the comparatives period. The disposal of GBS was completed on 10 January 2015 and GBS ceased to be a subsidiary of the Group with effect from that date. For the six months ended 30 June 2015, the loss on these discontinued operations amounted to HK\$11,034,000. Upon completion of disposal of GBS, the Group has recognised a loss of HK\$10,635,000 in respect of disposal of a subsidiary.

Details of the discontinued operations of development and manufacturing of lithium-ion power battery for the six months ended 30 June 2015 and 2014 are set out in note 7.1 and details of the assets/liabilities classified as held for sale as at 31 December 2014 are set out in note 7.2.

7.1 An analysis of the results and cash flows of the discontinued operations for the six months ended 30 June 2015, with the comparatives for illustrative purpose, is as follows:

|   | <b>Six months ended 30 June</b> |             |
|---|---------------------------------|-------------|
|   | <b>2015</b>                     | 2014        |
|   | <b>HK\$'000</b>                 | HK\$'000    |
|   | <b>(Unaudited)</b>              | (Unaudited) |
| Revenue   | <b>7,053</b>                    | 25,976      |
| Cost of sales   | <b>(5,750)</b>                  | (21,873)    |
| Gross profit  | <b>1,303</b>                    | 4,103       |
| Other income  | <b>43</b>                       | 564         |
| Distribution costs and general operating expenses   | <b>(1,691)</b>                  | (14,462)    |
| Finance costs   | <b>(110)</b>                    | (750)       |
| Loss before income tax  | <b>(455)</b>                    | (10,545)    |
| Loss on disposal of a subsidiary ( <i>note 19</i> )   | <b>(10,635)</b>                 | –           |
| Income tax credit   | <b>56</b>                       | 335         |
| Loss for the period from discontinued operations<br>(attributable to owners of the Company) | <b>(11,034)</b>                 | (10,210)    |
| Cash flows used in operating activities   | <b>(6,929)</b>                  | (4,958)     |
| Cash flows used in investing activities   | <b>(11)</b>                     | (12,077)    |
| Cash flows from financing activities  | <b>5,611</b>                    | 17,850      |
| Net cash (outflows)/inflows   | <b>(1,329)</b>                  | 815         |

**7. DISCONTINUED OPERATIONS/ASSETS OF A DISPOSAL COMPANY CLASSIFIED AS HELD FOR SALE/  
LIABILITIES OF A DISPOSAL COMPANY CLASSIFIED AS HELD FOR SALE (CONTINUED)**

7.2 An analysis of the assets and liabilities of the discontinued operations of development and manufacturing of lithium-ion power battery classified as held for sale as at 31 December 2014 is as follows:

|   | As at<br>31 December<br>2014<br>HK\$'000<br>(Audited) |
|---|---|
| <b>Assets of a disposal company classified as held for sale:</b>      |   |
| Property, plant and equipment   | 28,859  |
| Intangible assets   | 20,908  |
| Inventories   | 34,579  |
| Trade receivables   | 38,328  |
| Bills receivable  | 228   |
| Prepayment, deposits and other receivables                            | 9,716   |
| Pledged bank deposits   | 1,891   |
| Cash and cash equivalents   | 1,924   |
|   | <hr/> 136,433 <hr/>                                   |
| <b>Liabilities of a disposal company classified as held for sale:</b> |   |
| Trade payables  | 33,940  |
| Accruals and other payables   | 6,071   |
| Borrowings  | 15,254  |
| Bills payable   | 3,782   |
| Tax payable   | 1,297   |
| Deferred tax liabilities  | 3,337   |
|   | <hr/> 63,681 <hr/>                                    |

## 8. LOSS PER SHARE

The calculations of basic and diluted loss per share attributable to owners of the Company are based on the following data:

### Loss

|  | Six months ended 30 June        |                                 |
|--|---------------------------------|---------------------------------|
|  | 2015<br>HK\$'000<br>(Unaudited) | 2014<br>HK\$'000<br>(Unaudited) |
| Loss attributable to owners of the Company for the purpose of basic loss per share |                                 |                                 |
| Continuing operations  | (69,890)                        | (47,681)                        |
| Discontinued operations  | (11,034)                        | (10,210)                        |
| Total loss from continuing and discontinued operations                             | (80,924)                        | (57,891)                        |

### Number of shares

|   | 2015                                       | 2014                                       |
|---|--|--|
|   | Number of<br>shares<br>'000<br>(Unaudited) | Number of<br>shares<br>'000<br>(Unaudited) |
| Weighted average number of shares for the purpose of basic loss per share | 15,181,898                                 | 10,986,101                                 |

Diluted loss per share for both periods was not presented because the impact of the exercise of the share options was anti-dilutive. Potential ordinary shares are dilutive when and only when their conversion into ordinary shares would increase loss per share attributable to owners of the Company.

## 9. INTERIM DIVIDEND

The directors do not declare the payment of an interim dividend for the six months ended 30 June 2015 (Six months ended 30 June 2014: Nil).

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group purchased and disposed of property, plant and equipment of HK\$19,073,000 and nil respectively (Six months ended 30 June 2014: HK\$9,625,000 and HK\$174,000).

### 11. INTEREST IN AN ASSOCIATE

As mentioned in note 7, the Group entered into an agreement to dispose of the Group's 75% equity interest in GBS. After completion of the disposal, GBS became an associate of the Group with 25% effective interests held by the Group.

### 12. AVAILABLE-FOR-SALE FINANCIAL ASSET

|                                     | <b>As at<br/>30 June<br/>2015<br/>HK\$'000<br/>(Unaudited)</b> | As at<br>31 December<br>2014<br>HK\$'000<br>(Audited) |
|-------------------------------------|--|---|
| Unlisted equity investment, at cost | <b>15,156</b>  | –   |

During the six months ended 30 June 2015, the Group entered into an agreement with an independent third party to acquire the equity interest in 上海仁通檔案管理諮詢服務有限公司 ("上海仁通") at a consideration of RMB12,000,000. 上海仁通 is incorporated in the PRC and is an unlisted Sino-foreign venture under the PRC Law, which does not have quoted market price in an active market. As at 30 June 2015, the Group holds approximately 9% equity interest in 上海仁通. Zhu Shengliang, the executive director of the Company, holds approximately 19% equity interest in and acts as the legal representative of 上海仁通 as at 30 June 2015.

The unlisted equity investment is measured at cost less impairment at each reporting date. The fair value information of this available-for-sale financial asset has not been disclosed as the range of reasonable fair value estimates is so significant. Accordingly, the directors of the Company are of the opinion that the fair value cannot be reliably measured.

### 13. INVENTORIES

|               | <b>As at<br/>30 June<br/>2015<br/>HK\$'000<br/>(Unaudited)</b> | As at<br>31 December<br>2014<br>HK\$'000<br>(Audited) |
|---------------|--|---|
| Raw materials | <b>2,154</b>   | –   |
| Consumables   | <b>15,833</b>  | –   |
|               | <b>17,987</b>  | –   |

#### 14. TRADE RECEIVABLES

As at 30 June 2015, the ageing analysis of the trade receivables (net of impairment) of the Group was as follows:

|             | <b>As at<br/>30 June<br/>2015<br/>HK\$'000<br/>(Unaudited)</b> | As at<br>31 December<br>2014<br>HK\$'000<br>(Audited) |
|-------------|--|---|
| 0 – 30 days | <b>18,945</b>  | –   |

The average credit period on sales of goods is 5 days from the invoice date.

#### 15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

|  | <b>As at<br/>30 June<br/>2015<br/>HK\$'000<br/>(Unaudited)</b> | As at<br>31 December<br>2014<br>HK\$'000<br>(Audited) |
|--|--|---|
| Prepayments to suppliers                         | <b>363,157</b>   | 8   |
| Other receivables ( <i>note 15.1</i> )           | <b>149,347</b>   | 62,306  |
| Other deposits and prepayments                   | <b>33,989</b>  | 43,431  |
| Prepayment for research and development projects | <b>31,030</b>  | 23,272  |
| Amounts due from directors ( <i>note 15.2</i> )  | <b>795</b>   | 2,840   |
|  | <b>578,318</b>   | 131,857   |

##### Notes:

15.1 Within the other receivables, a balance of HK\$50,520,000 (31 December 2014: nil) carries interest rate at 6% per annum, repayable within one year and is secured by equity interest of an unlisted limited liability company held by the shareholders of the borrower and personal guarantees from the shareholders of the borrower.

Save as disclosed above, all the other receivable balances are interest-free, unsecured and repayable within one year.

15.2 The amounts due from directors are interest-free, unsecured and repayable on demand.

## 16. TRADE PAYABLES

As at 30 June 2015, the ageing analysis of the trade payables of the Group was as follows:

|               | <b>As at<br/>30 June<br/>2015<br/>HK\$'000<br/>(Unaudited)</b> | As at<br>31 December<br>2014<br>HK\$'000<br>(Audited) |
|---------------|--|---|
| 0 – 180 days  | 15,494   | –   |
| Over 180 days | –  | 134   |
|               | <b>15,494</b>  | <b>134</b>  |

## 17. ACCRUALS AND OTHER PAYABLES

|                                  | <b>As at<br/>30 June<br/>2015<br/>HK\$'000<br/>(Unaudited)</b> | As at<br>31 December<br>2014<br>HK\$'000<br>(Audited) |
|----------------------------------|--|---|
| Deposits received from customers | 4,547  | 4,539   |
| Accrued staff costs              | 2,769  | 5,730   |
| Other payables                   | 20,453   | 30,353  |
| Other accrued expenses           | 1,708  | 2,254   |
|                                  | <b>29,477</b>  | <b>42,876</b>   |

## 18. SHARE CAPITAL

|   | <b>At 30 June 2015<br/>(Unaudited)</b> |                    | At 31 December 2014<br>(Audited) |                    |
|---|--|--------------------|----------------------------------|--------------------|
|   | Number of<br>shares                    | Amount<br>HK\$'000 | Number of<br>shares              | Amount<br>HK\$'000 |
| <i>Authorised:</i>  |  |                    |                                  |                    |
| Ordinary shares of HK\$0.10 each                                | 800,000,000,000                        | 80,000,000         | 800,000,000,000                  | 80,000,000         |
| <i>Issued and fully paid:</i>                                   |  |                    |                                  |                    |
| At beginning of period/year                                     | 14,187,144,756                         | 1,418,714          | 10,411,159,756                   | 1,041,116          |
| Subscription of new shares<br>during the period/year (note (i)) | 5,169,214,991                          | 516,922            | 3,759,985,000                    | 375,998            |
| Shares issued from the share option<br>scheme (note (ii))       | 724,992,000                            | 72,499             | 16,000,000                       | 1,600              |
| At end of period/year   | <b>20,081,351,747</b>                  | <b>2,008,135</b>   | 14,187,144,756                   | 1,418,714          |

## 18. SHARE CAPITAL (CONTINUED)

Notes:

### (i) For the six months ended 30 June 2015

On 23 January 2015, the Company entered into subscription agreements with 23 subscribers pursuant to which the Company has conditionally agreed to allot and issue, and the subscribers have conditionally agreed to subscribe an aggregate of 697,946,951 new shares at the subscription price of HK\$0.175 per share. The subscription of shares was completed on 3 February 2015 and the proceeds have been received by the Company.

On 22 April 2015, the Company entered into the placing agreement with the placing agent pursuant to which the Company conditionally agreed to place, through the placing agent, on a best effort basis, up to 1,479,714,000 new shares to not less than six independent placees at the placing price of HK\$0.37 per placing share. The placing of shares was completed on 22 June 2015 and the proceeds have been received by the Company.

On 22 April 2015, the Company entered into 27 subscription agreements with various subscribers, all are independent third parties, pursuant to which the subscribers conditionally agree to subscribe for, and the Company conditionally agreed to allot and issue, an aggregate of 2,991,554,040 new shares at the subscription price of HK\$0.37 per subscription share. The subscription of shares was completed on 22 June 2015 and the proceeds have been received by the Company.

### For the year ended 31 December 2014

On 17 April 2014, the Company entered into agreements with 31 subscribers pursuant to which the subscribers agreed to subscribe for, an aggregate of 2,079,750,000 new shares at the subscription price of HK\$0.10 per subscription share. On 7 May 2014, 2 individual subscribers indicated to the Company of their intention to withdraw their respective subscription agreements, which involved the cancellation of the subscription of an aggregate of 100,000,000 subscription share, by entering into a cancellation agreement with each of the outgoing subscribers. On 8 May 2014, 29 subscribers completed the subscription of aggregate of 1,979,750,000 shares and the proceeds have been received by the Company.

On 2 December 2014, the Company entered into agreements with 21 subscribers pursuant to which the subscribers agreed to subscribe for, an aggregate of 1,780,235,000 new shares at the subscription price of HK\$0.16 per subscription share. The subscription of shares was completed on 16 December 2014 and the proceeds have been received by the Company.

- (ii) During the six months ended 30 June 2015 and year ended 31 December 2014, the issued share capital of the Company was increased due to the exercise of share options by directors, employees and other eligible persons (31 December 2014: exercise of share options by directors and other eligible persons) of the Group. The shares issued during the period/year in relation to share options exercised have the same rights as other ordinary shares of the Company in issue.

## 19. DISPOSAL OF A SUBSIDIARY

As mentioned in note 7, the Group entered into an agreement to dispose of the Group's 75% equity interest in GBS. The disposal of GBS was completed on 10 January 2015. The net assets of GBS at the date of disposal were as follows:

|   | <b>Carrying<br/>amounts</b> |
|---|-----------------------------|
|   | HK\$'000                    |
|   | (Unaudited)                 |
| Net assets disposed of:   |                             |
| Property, plant and equipment   | 28,440                      |
| Intangible assets   | 20,535                      |
| Inventories   | 34,495                      |
| Trade receivables   | 40,365                      |
| Bills receivables   | 783                         |
| Prepayments, deposits and other receivables                           | 18,066                      |
| Pledged bank deposits   | 1,895                       |
| Cash and cash equivalents   | 685                         |
| Trade payables  | (35,032)                    |
| Bills payable   | (3,789)                     |
| Accruals and other payables   | (8,567)                     |
| Borrowings  | (20,840)                    |
| Amount due to remaining group   | (14,646)                    |
| Tax payables  | (1,299)                     |
| Deferred tax liabilities  | (3,281)                     |
|   | <hr/>                       |
|   | 57,810                      |
| Release of translation reserve upon disposal of a subsidiary          | (3,938)                     |
| Written off of amount due to remaining group                          | 14,646                      |
| Fair value of retained interest which become interest in an associate | (7,232)                     |
| Transaction costs   | 1,843                       |
| Loss on disposal of a subsidiary ( <i>note 7.1</i> )                  | (10,635)                    |
|   | <hr/>                       |
| Total consideration   | 52,494                      |
|   | <hr/>                       |
| Satisfied by subject shares ( <i>note</i> )                           | 52,494                      |
|   | <hr/>                       |

## 19. DISPOSAL OF A SUBSIDIARY (CONTINUED)

Note:

Subject shares represented an aggregate of 257,324,692 shares of the Company held by the purchasers.

|   | HK\$'000<br>(Unaudited) |
|---|-------------------------|
| Net cash inflow arising from disposal of a subsidiary           |                         |
| Cash proceeds from disposal of subject shares                   | 44,259                  |
| Cash and cash equivalents disposed of                           | (685)                   |
|   | <hr/>                   |
| Net cash inflow from disposal of a subsidiary during the period | 43,574                  |

GBS contributed revenue of HK\$7,053,000 and loss before income tax of HK\$455,000 to the Group for the period from 1 January 2015 to 10 January 2015 (being the completion date of disposal). After completion of the disposal, GBS became an associate of the Group with 25% effective interests held by the Group.

## 20. CAPITAL COMMITMENT

As at 30 June 2015, the Group has the following capital commitments:

|   | <b>As at<br/>30 June<br/>2015<br/>HK\$'000<br/>(Unaudited)</b> | As at<br>31 December<br>2014<br>HK\$'000<br>(Audited) |
|---|--|---|
| Contracted but not provided for             |  |   |
| – Establishment of a subsidiary in the PRC  | 6,315  | 6,304   |
| – Purchase of property, plant and equipment | 14,777   | 14,750  |
| – Research and development projects         | 45,377   | 17,450  |
|   | <hr/>  | <hr/>   |
|   | <b>66,469</b>  | 38,504  |

## 21. RELATED PARTY TRANSACTIONS

The directors represent the key management of the Group. During the period, the key management personnel compensations amounted to HK\$10,048,000 (six months ended 30 June 2014: HK\$2,787,000).

Save as disclosed above and elsewhere in the Unaudited Interim Financial Information, the Group had no other significant related party transactions during the period.

## MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION

### BUSINESS REVIEW

#### Overview

The principal business of the Group during the Period includes the environmental automobile and related business (comprising the high-tech electric motor vehicles business and the New Energy Project disclosed below).

The Group's turnover and loss attributable to shareholders from continuing operations for the Period amounted to HK\$26.99 million (2014: Nil) and HK\$80.9 million (2014: HK\$57.89 million) respectively. The loss for the Period was mainly attributable to general operating expenses and loss for the Period from discontinued operations.

The general operating expenses from continuing operations increased to HK\$77.8 million (2014: HK\$49.5 million), which consisted of, among others, the legal and professional fees of HK\$12.8 million (2014: HK\$1.7 million), depreciation expenses of HK\$3.2 million (2014: HK\$1.8 million) and overall employment expenses including salary expenses, retirement and pension contribution and staff benefit of HK\$29.3 million (2014: HK\$19.8 million).

The loss for the Period from discontinued operations was HK\$11.0 million as compared to HK\$10.2 million for the period ended 30 June 2014. An analysis of the results of the discontinued operations is set out in note 7 to the financial statements disclosed above in this report.

#### *High-tech electric motor vehicles business*

The Group has endeavoured to become a pioneer in the design, development and manufacture of zero-emission electric motor vehicles with advanced technology and tremendous potential to improve energy efficiency and emphasis was placed on electric buses during the Period. During the Period, the manufacturing of electric buses had mainly been undertaken by processing plant (代工廠) selected by the Group. The Group engages in its high-tech electric motor vehicles business through the Company's wholly owned subsidiary, 連雲港正強新能源汽車銷售有限公司 (Lianyuangang Zheng Qiang New Energy Motors Sales Co., Ltd.\*). For the Period, the turnover and the loss of this segment were approximately HK\$26.98 million (2014: nil) and HK\$2.05 million (2014: nil).

#### *New Energy Project*

The Group has been engaging in the promotion and development of a new energy project (which involved the production of key new energy automobile components including battery materials, super batteries, electric control systems and electrolyte for use in new energy automobiles) (the "New Energy Project") since 2013 through 連雲港正道新能源有限公司 (Hybrid Kinetic (Lianyuangang) New Energy Limited, Inc.\*) (the "Project Company"). The Project Company is based in 連雲港經濟技術開發區 (Lianyuangang Economic and Technological Development Zone\*) and the Group holds approximately 77.78% of its total registered capital of US\$27,000,000. The Project Company commenced trial production of single and few-layer graphene (單層石墨烯) in July 2015. Graphene is an ideal material for super batteries (超級電池), electronic traction motor (電機) and power electronic system (電控系統).

In the pursuit of technological and socially responsible innovations for new energy products, the Project Company and Angstrom Holdings Corporation (now known as HK Graphene Technology Corporation) (“HK Graphene”), a subsidiary of the Company in the United States) have cooperated in the research and development of graphene super batteries ( 石墨烯超級電池 ), which possess relatively higher energy and power density and long charge and discharge life cycle, have a charging rate which is much faster than normal batteries and can function normally under severe weather.

As technological protection is as important as technological innovation, HK Graphene has made an application for patent registration in the United States in respect of its proprietary interest in an invention (namely, “Nanoporous Graphene Nanowires and Producing Methods and Application of Same ( 納米多孔石墨烯的製造方式及應用 )”), which is pending approval by the US Patent and Trademark Office. The Invention relates generally to nanocarbon materials, and more particularly to a porous graphene nanowire material with a pore-rich structure, production methods and applications of the porous graphene nanowire material. Porous graphene nanowires can be used as an electrochemical energy storage material, carriers of catalysts, a conductive material, an absorption material, a desorption material, or the like. The application of the invention in the manufacture of electric motor vehicles and auto components allows excellent mechanical flexibility and conductivity, and is expected to enhance greatly the performance, efficiency and reliability of the electric motor vehicles developed and/or manufactured by the Group.

For the Period, the turnover and the loss of this segment were nil (2014: Nil) and HK\$4.75 million (2014: HK\$1.93 million).

## PROSPECTS

The demand for high-tech, clean and sustainable transportation solutions has been growing under the global trend of urbanization and proactive impositions of environmental regulations, including Mainland China. The Board believes that new energy automobiles are the major driver of the environmental automobile industry.

For better quality control and to reduce the overall costs of production, the Group intends to explore the viability of having its own manufacturing facilities (through acquisition or otherwise) so as to bring about a more vertical integration for the Group’s overall production of electric buses. The electric buses are made available to transportation solutions operators or municipality transit companies for purchase or for hire through finance-lease arrangement offered by 上海正道融資租賃有限公司 (HK Leasing Co., Ltd. \*) (“HK Leasing”), a wholly-owned subsidiary of the Company newly set up for engaging in the finance-leasing business. The registered capital of HK Leasing, which is now in operation, is US\$30 million and the Company had contributed US\$10 million as of 30 June 2015.

Through the finance-leasing, the electric buses are effectively hired out to transportation solutions operators or municipality transit companies which choose to take out finance lease from HK Leasing at minimal or zero upfront payment. The Group will provide a 10-year warranty for the battery packs installed in the electric buses leased out by HK Leasing. This business strategy can help ease the concerns of transportation solutions operators or municipality transit companies over battery degradation or having to make significant capital outlay. The Board expects the finance-leasing model will be well-received by potential customers and indirectly help boost the electric bus business of the Group. To minimise any default risk, HK Leasing will, to the extent practicable, obtain guarantee from municipal government in its favour to secure the performance of the contractual obligations (in particular, payment obligation) of those lessees under the finance-lease arrangement.

To further promote the development of high-tech electric motor vehicles business, the Company had on 10 July 2015 entered into a letter of intent with 丹東黃海汽車有限責任公司 (Dandong Huanghai Automobile Company Limited\*) (“Dandong Automobile”) and Shanghai Mingyi Investment Management Company Limited\* (上海明弈投資管理有限公司) for the purpose of exploring the possibility to leverage on the respective edge and capabilities of the parties for promoting and accelerating strategic cooperation in the area of new energy vehicles (in particular, electric buses) through a company (namely, 常州黃海汽車有限公司 (Changzhou Huanghai Automobile Company Limited\*)) established in Changzhou, which is proposed to serve as the platform for the proposed cooperation and future sales and commercial production of electric buses in Changzhou, the PRC (as announced in the Company’s announcement dated 12 July 2015). The negotiation is still ongoing as at the date of this report.

The Group plans to start the production of electric buses in late 2015, with escalating output capacity in the coming few years. To achieve the business target, the Group has been proactively paving the way for building up and fortifying a strong and comprehensive platform that will enable the Group’s environmental automobile and related business of the Group to flourish. The steps taken by the Group include, among others, (i) the securing of renowned quality supplier, XALT Energy MI, LLC, for the supply of its new generation high-power rapid-charging lithium titanate (LTO) battery cells specified and tailored to the Group’s production of high-performance rapid charging electric buses for a term until the end of 2020 with the goal to jointly promote global electrification of automobiles (in particular, electric buses), (ii) the application for patent registration of such invention that the Group considers material to enhance the performance, efficiency and reliability of the electric motor vehicles developed and/or manufactured by the Group; and (iii) the forming of strategic business alliance to collaborate in the development, manufacture and/or launch for sale of electric buses and auto products in or outside Mainland China (such as Thailand and potentially other members of the Association of Southeast Asian Nations (東盟)). During the Period, these strategic business alliances included Dandong Automobile on the joint development of a series of auto products for the designing and developing two prototypes of 12-metre lightweight monocoque electric bus (12米全承載輕量化純電動公交車) and Jiali (Thailand) Co., Ltd. for the manufacture and sale of electric buses and auto products in Thailand and for the purchase of semi-knocked-down (SKD) packages for electric buses from the Group; and (iv) the offering of finance-lease arrangement to transportation solutions operators to encourage them to shift to the use of electric buses designed and/or manufactured by the Group which, in turn, is expected to promote and boost the automobile business of the Group.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the total equity of the Group amounted to approximately HK\$2,418.13 million (31 December 2014: HK\$612.41 million). The gearing ratio of the Group as at 30 June 2015 measured in terms of total liabilities divided by total equity was approximately 1.87% (31 December 2014: 17.5%).

As at 30 June 2015, net current assets of the Group were approximately HK\$2,298.1 million (31 December 2014: HK\$483.4 million). The pledged bank deposits were approximately HK\$0.8 million (31 December 2014: HK\$0.8 million) while the cash and cash equivalents amounted to HK\$1,242.3 million (31 December 2014: HK\$202.1 million). The Group also had outstanding borrowings of approximately HK\$0.21 million (31 December 2014: HK\$0.21 million).

## FUND RAISING ACTIVITIES AND USE OF PROCEEDS DURING THE PERIOD

On 3 February 2015, the Company allotted and issued an aggregate of 697,946,951 ordinary shares in the Company at HK\$0.175 each upon completion of various subscription transactions contemplated under 23 subscription agreements all dated 23 January 2015 entered into by the Company with 23 subscribers with the net proceeds of approximately HK\$121,740,000 raised therefrom. Please refer to the announcements dated on 23 January 2015 and 3 February 2015 of the Company for details.

As of 30 June 2015, the Company utilized all of the net proceeds raised from the subscription transactions completed on 3 February 2015. The application of such net proceeds was in line with the intended use of the net proceeds as previously disclosed.

On 22 June 2015, the Company also allotted and issued an aggregate of 4,471,268,040 ordinary shares in the Company at HK\$0.37 each upon completion of the various subscription transactions contemplated under 27 subscription agreements and a placing agreement all dated 22 April 2015 entered into by the Company with various subscribers and a placing agent with the net proceeds of approximately HK\$1,648,000,000 raised therefrom. Please refer to the announcements dated on 22 April 2015 and 22 June 2015 of the Company for details.

As of 30 June 2015, the Company utilized part of the net proceeds in the amount of HK\$10 million to contribute as an initial registered capital for the establishment of a wholly-owned subsidiary in the PRC. The application of such net proceeds was in line with the intended use of the net proceeds as previously disclosed and the balance in the amount of HK\$1,638 million remained unutilized.

## HUMAN RESOURCES AND REMUNERATION POLICIES

The Group has a total of 106 employees as at 30 June 2015 (31 December 2014: 85 employees). It has been the Group's policy to ensure that the remuneration levels are reviewed and rewarded on a performance related basis within the general framework of the Group's salary and bonus system. The Group has participated in a mandatory provident fund scheme for its employees based in Hong Kong. Share options under the Company's share option scheme may also be granted to employees of the Group to recognize their contributions to the Group or serve as long-term incentive for retaining them for their better commitments and the continued development of the Group.

## PLEDGE OF ASSETS

As of 30 June 2015, the Group had pledged its bank deposits of HK\$ 0.8 million (31 December 2014: HK\$0.8 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 Period, almost all of the income and expenditure of the Group were denominated in Renminbi, Hong Kong dollar and/or United States dollars, and the Group had no significant exposure to foreign exchange fluctuation and therefore, had not taken any financial instruments for hedging purpose.

## MATERIAL ACQUISITIONS AND DISPOSALS

The Company had on 10 January 2015 completed (through Hybrid Kinetic Power Battery Holdings Limited (正道動力電池控股有限公司) (“HK-Power”), its wholly-owned subsidiary) the disposal (the “GBS Equity Interest Disposal”) of the Group’s 75% equity interest in Zhejiang GBS Energy Co., Ltd. (浙江佳貝思綠色能源有限公司) (“GBS”) pursuant to the terms and conditions contained in the share transfer agreement dated 18 August 2014 entered into between HK-Power and the purchasers named therein. Please refer to note 19 to the financial statements disclosed above in this report and the announcement dated 10 October 2014, the circular dated 16 December 2014, the announcements dated 11 January 2015 and 14 January 2015 of the Company for details of the transactions and arrangements under the GBS Equity Interest Disposal.

Save as the GBS Equity Interest Disposal disclosed above, there were no material acquisitions and disposals of the Group during the Period.

## SUBSTANTIAL SHAREHOLDERS’ INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

As at 30 June 2015, so far as is known to any director or chief executive of the Company, the following parties (other than the directors or chief executive of the Company) were recorded in the register kept by the Company under section 336 of the Securities and Futures Ordinance (the “SFO”), or as otherwise notified to the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the ordinary shares (the “Shares”) of HK\$0.10 each in the issued share capital of the Company:

| Name         | Nature of interest                          | Number of Shares | Percentage<br>(Note 4) |
|--------------|---|------------------|------------------------|
| Sun East LLC | Beneficial owner (Note 1)                   | 2,673,071,189    | 13.31%                 |
| Yeung Yung   | Interest of controlled corporation (Note 2) | 2,673,071,189    | 13.31%                 |
|              | Beneficial owner (Note 3)                   | 10,000,000       | 0.05%                  |
|              |   | 2,683,071,189    | 13.36%                 |

Notes:

1. Sun East LLC is owned as to 35% by Dr Yeung Yung (shared commonly with his wife under the laws of California, the US) and 65% by Mr Ma Manwai (alias Ma Manwai, Philip) and Mr Jimmy Wang (alias Wang Jian) as co-trustees for certain trusts established for the benefit of the children of Dr Yeung Yung on 30 December 2002. Dr Yeung Yung (as well as his spouse) was deemed to be interested in these 2,673,071,189 Shares held by Sun East LLC under Part XV of the SFO.
2. These 2,673,071,189 Shares are the same parcel of Shares held by Sun East LLC in which Dr Yeung Yung (as well as his spouse) is deemed interested under Part XV of the SFO.
3. These 10,000,000 Shares are directly held by Dr Yeung Yung, in which his spouse is deemed interested under Part XV of the SFO.
4. The percentage of shareholding is calculated on the basis of 20,081,351,747 Shares in issue as at 30 June 2015 and does not take into account any Shares which may fall to be allotted and issued upon exercise of any subscription rights attaching to any share options granted by the Company.

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

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 30 June 2015, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules were as follow:

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

| Name of Director      | Number of Shares          | Capacity  | Approximate percentage of shareholding<br>(Note 1) |
|-----------------------|---------------------------|---|--|
| Yeung Yung            | 2,673,071,189<br>(Note 2) | Controlled corporation                            |  |
|                       | 10,000,000                | Beneficial owner                                  |  |
|                       | 2,683,071,189<br>(Note 3) |   | 13.36%   |
| Hui Wing Sang, Wilson | 2,904,000                 | Beneficial owner                                  | 0.01%  |
| Liu Stephen Quan      | 281,760,000<br>(Note 4)   | Founder of trust<br>Interest of children under 18 | 1.40%  |
| Zhu Shengliang        | 22,043,883                | Beneficial owner                                  | 0.11%  |
| Xu Jianguo            | 30,000,000                | Beneficial owner                                  | 0.15%  |
| Li Zhengshan          | 16,270,000                | Beneficial owner                                  | 0.08%  |
| Ting Kwok Kit, Johnny | 3,000,000                 | Beneficial owner                                  | 0.01%  |
| Cheng Tat Wa          | 4,300,000                 | Beneficial owner                                  | 0.02%  |
| Chan Sin Hang         | 500,000                   | Beneficial owner                                  | 0.002%   |

Notes:

- (1) The percentage of shareholding is calculated on the basis of 20,081,351,747 Shares in issue as at 30 June 2015 and did not take into account any Shares which may fall to be allotted and issued upon exercise of any subscription rights attaching to any share options granted by the Company.
- (2) These Shares are held by Sun East LLC. Sun East LLC is a limited liability company incorporated in California, the US, which is owned as to (i) 35% by Dr Yeung Yung (shared commonly with his spouse under the laws of California, the US) and 65% by Mr Ma Manwai (alias Ma Manwai, Philip) and Mr Jimmy Wang (alias Wang Jian) as co-trustees for certain trusts established for the benefit of the children of Dr Yeung Yung on 30 December 2002. Dr Yeung Yung (as well as his spouse) was deemed to be interested in the Shares held by Sun East LLC by virtue of Part XV of the SFO.
- (3) The spouse of Dr Yeung Yung is deemed to be interested in the Shares beneficially held by Dr Yeung Yung by virtue of Part XV of the SFO.
- (4) These Shares were indirectly owned by certain trusts of which Mr Liu Stephen Quan was the founder. The children of Mr Liu were eligible beneficiaries of the trusts. Mr Liu was deemed to be interested in these Shares by virtue of Part XV of the SFO.

## (2) Interests in share options of the Company

| Name of Director | Date of grant    | Exercisable period                   | Exercise price<br>(HK\$) | Number of underlying Shares subject to outstanding share options | Approximate percentage of shareholding<br>(Note) |
|------------------|------------------|--------------------------------------|--------------------------|--|--|
| Yeung Yung       | 9 August 2005    | 29 August 2005 to 8 August 2015      | 0.102                    | 11,140,000   |  |
|                  | 6 February 2008  | 6 February 2008 to 5 February 2018   | 0.114                    | 27,000,000   |  |
|                  | 6 September 2013 | 6 September 2013 to 5 September 2023 | 0.108                    | 10,000,000   |  |
|                  | 20 November 2014 | 20 November 2014 to 19 November 2024 | 0.201                    | 10,000,000   |  |
|                  |                  |                                      |                          | 58,140,000   | 0.29%  |
| Huang Chunhua    | 6 September 2013 | 6 September 2013 to 5 September 2023 | 0.108                    | 65,000,000   |  |
|                  | 20 November 2014 | 20 November 2014 to 19 November 2024 | 0.201                    | 50,000,000   |  |
|                  |                  |                                      |                          | 115,000,000  | 0.57%  |

| Name of Director         | Date of grant    | Exercisable period                      | Exercise price<br>(HK\$) | Number of underlying Shares subject to outstanding share options | Approximate percentage of shareholding<br>(Note) |
|--------------------------|------------------|---|--------------------------|--|--|
| Hui Wing Sang,<br>Wilson | 6 February 2008  | 6 February 2008 to<br>5 February 2018   | 0.114                    | 27,000,000   |  |
|                          | 6 September 2013 | 6 September 2013 to<br>5 September 2023 | 0.108                    | 60,000,000   |  |
|                          | 20 November 2014 | 20 November 2014 to<br>19 November 2024 | 0.201                    | 50,000,000   |  |
|                          |                  |   |                          | 137,000,000  | 0.68%  |
| Wang Chuantao            | 6 September 2013 | 6 September 2013 to<br>5 September 2023 | 0.108                    | 30,000,000   |  |
|                          | 20 November 2014 | 20 November 2014 to<br>19 November 2024 | 0.201                    | 30,000,000   |  |
|                          |                  |   |                          | 60,000,000   | 0.30%  |
| Liu Stephen Quan         | 6 September 2013 | 6 September 2013 to<br>5 September 2023 | 0.108                    | 10,000,000   |  |
|                          | 20 November 2014 | 20 November 2014 to<br>19 November 2024 | 0.201                    | 10,000,000   |  |
|                          |                  |   |                          | 20,000,000   | 0.10%  |
| Zhu Shengliang           | 6 September 2013 | 6 September 2013 to<br>5 September 2023 | 0.108                    | 20,000,000   |  |
|                          | 20 November 2014 | 20 November 2014 to<br>19 November 2024 | 0.201                    | 20,000,000   |  |
|                          |                  |   |                          | 40,000,000   | 0.20%  |

| Name of Director      | Date of grant    | Exercisable period                   | Exercise price<br>(HK\$) | Number of underlying Shares subject to outstanding share options | Approximate percentage of shareholding<br>(Note) |
|-----------------------|------------------|--------------------------------------|--------------------------|--|--|
| Xu Jianguo            | 20 November 2014 | 20 November 2014 to 19 November 2024 | 0.201                    | 50,000,000   | 0.25%  |
| Li Zhengshan          | 6 February 2008  | 6 February 2008 to 5 February 2018   | 0.114                    | 5,000,000  |  |
|                       | 6 September 2013 | 6 September 2013 to 5 September 2023 | 0.108                    | 25,000,000   |  |
|                       | 20 November 2014 | 20 November 2014 to 19 November 2024 | 0.201                    | 50,000,000   |  |
|                       |                  |                                      |                          | 80,000,000   | 0.40%  |
| Ting Kwok Kit, Johnny | 6 September 2013 | 6 September 2013 to 5 September 2023 | 0.108                    | 32,000,000   |  |
|                       | 20 November 2014 | 20 November 2014 to 19 November 2024 | 0.201                    | 25,000,000   |  |
|                       |                  |                                      |                          | 57,000,000   | 0.28%  |

| Name of Director  | Date of grant    | Exercisable period                   | Exercise price<br>(HK\$) | Number of underlying Shares subject to outstanding share options | Approximate percentage of shareholding<br>(Note) |
|-------------------|------------------|--------------------------------------|--------------------------|--|--|
| Chen Xiao         | 6 September 2013 | 6 September 2013 to 5 September 2023 | 0.108                    | 25,000,000   |  |
|                   | 20 November 2014 | 20 November 2014 to 19 November 2024 | 0.201                    | 50,000,000   |  |
|                   |                  |                                      |                          | 75,000,000   | 0.37%  |
| Xia Tingkang, Tim | 6 September 2013 | 6 September 2013 to 5 September 2023 | 0.108                    | 10,000,000   |  |
|                   | 20 November 2014 | 20 November 2014 to 19 November 2024 | 0.201                    | 10,000,000   |  |
|                   |                  |                                      |                          | 20,000,000   | 0.10%  |
| Song Jian         | 6 September 2013 | 6 September 2013 to 5 September 2023 | 0.108                    | 10,000,000   |  |
|                   | 20 November 2014 | 20 November 2014 to 19 November 2024 | 0.201                    | 10,000,000   |  |
|                   |                  |                                      |                          | 20,000,000   | 0.10%  |
| Zhu Guobin        | 6 September 2013 | 6 September 2013 to 5 September 2023 | 0.108                    | 10,000,000   |  |
|                   | 20 November 2014 | 20 November 2014 to 19 November 2024 | 0.201                    | 10,000,000   |  |
|                   |                  |                                      |                          | 20,000,000   | 0.10%  |

| Name of Director | Date of grant    | Exercisable period                   | Exercise price<br>(HK\$) | Number of underlying Shares subject to outstanding share options | Approximate percentage of shareholding<br>(Note) |
|------------------|------------------|--------------------------------------|--------------------------|--|--|
| Li Jianyong      | 6 September 2013 | 6 September 2013 to 5 September 2023 | 0.108                    | 10,000,000   |  |
|                  | 20 November 2014 | 20 November 2014 to 19 November 2024 | 0.201                    | 20,000,000   |  |
|                  |                  |                                      |                          | 30,000,000   | 0.15%  |
| Wong Lee Hing    | 29 July 2014     | 29 July 2014 to 28 July 2024         | 0.1136                   | 7,000,000  |  |
|                  | 20 November 2014 | 20 November 2014 to 19 November 2024 | 0.201                    | 2,000,000  |  |
|                  |                  |                                      |                          | 9,000,000  | 0.04%  |
| Cheng Tat Wa     | 20 November 2014 | 20 November 2014 to 19 November 2024 | 0.201                    | 5,000,000  | 0.02%  |
| Chan Sin Hang    | 20 November 2014 | 20 November 2014 to 19 November 2024 | 0.201                    | 4,500,000  | 0.02%  |

*Note:*

The percentage of shareholding is calculated on the basis of 20,081,351,747 Shares in issue as at 30 June 2015.

Save as disclosed above, none of the Directors or the chief executive of the Company had or were deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2015.

## SHARE OPTION SCHEME

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

As at 31 December 2014, the total number of shares available for issue by the Company under the Scheme was 2,415,070,000 shares, representing approximately 17.02% of the then issued share capital of the Company (that is, 14,187,144,756 shares).

As at 31 March 2015 (being the date of the annual report of the Company for the year ended 31 December 2014), the total number of shares available for issue by the Company under the Scheme was 2,206,016,000 shares, representing approximately 14.62% of the then issued share capital of the Company (that is, 15,094,145,707 shares).

As at 30 June 2015, the total number of shares available for issue by the Company under the Scheme was 1,688,078,000 shares, representing approximately 8.41% of the then issued share capital of the Company (that is, 20,081,351,747 shares).

The following share options were outstanding during the period from 1 January 2015 to 30 June 2015 (the "Period"):

| Name/<br>Category of<br>Participant | As at<br>1 January<br>2015 | Reclassification<br>during<br>the Period | Share<br>Options<br>Granted | Share options<br>lapsed/<br>cancelled<br>during<br>the Period | Share<br>Options<br>Exercised | As at<br>30 June<br>2015 | Date of<br>Grant | Exercise<br>Price | Exercise<br>Period |
|-------------------------------------|----------------------------|--|-----------------------------|---|-------------------------------|--------------------------|------------------|-------------------|--------------------|
| <b>Director</b>                     |                            |  |                             |   |                               |                          |                  |                   |                    |
| Yeung Yung                          | 11,140,000                 | -  | -                           | -   | -                             | 11,140,000               | Note 1           | Note 1            | Note 1             |
|                                     | 27,000,000                 | -  | -                           | -   | -                             | 27,000,000               | Note 2           | Note 2            | Note 2             |
|                                     | 10,000,000                 | -  | -                           | -   | -                             | 10,000,000               | Note 4           | Note 4            | Note 4             |
|                                     | 10,000,000                 | -  | -                           | -   | -                             | 10,000,000               | Note 6           | Note 6            | Note 6             |
| Huang Chunhua                       | 65,000,000                 | -  | -                           | -   | -                             | 65,000,000               | Note 4           | Note 4            | Note 4             |
|                                     | 50,000,000                 | -  | -                           | -   | -                             | 50,000,000               | Note 6           | Note 6            | Note 6             |
| Hui Wing Sang, Wilson               | 27,000,000                 | -  | -                           | -   | -                             | 27,000,000               | Note 2           | Note 2            | Note 2             |
|                                     | 60,000,000                 | -  | -                           | -   | -                             | 60,000,000               | Note 4           | Note 4            | Note 4             |
|                                     | 50,000,000                 | -  | -                           | -   | -                             | 50,000,000               | Note 6           | Note 6            | Note 6             |
| Wang Chuantao                       | 30,000,000                 | -  | -                           | -   | -                             | 30,000,000               | Note 4           | Note 4            | Note 4             |
|                                     | 30,000,000                 | -  | -                           | -   | -                             | 30,000,000               | Note 6           | Note 6            | Note 6             |
| Liu Stephen Quan                    | 10,000,000                 | -  | -                           | -   | -                             | 10,000,000               | Note 4           | Note 4            | Note 4             |
|                                     | 10,000,000                 | -  | -                           | -   | -                             | 10,000,000               | Note 6           | Note 6            | Note 6             |
| Zhu Shengliang                      | 16,710,000                 | -  | -                           | -   | (16,710,000)                  | -                        | Note 1           | Note 1            | Note 1             |
|                                     | 20,000,000                 | -  | -                           | -   | -                             | 20,000,000               | Note 4           | Note 4            | Note 4             |
|                                     | 20,000,000                 | -  | -                           | -   | -                             | 20,000,000               | Note 6           | Note 6            | Note 6             |
| Xu Jianguo                          | 30,000,000                 | -  | -                           | -   | (30,000,000)                  | -                        | Note 4           | Note 4            | Note 4             |
|                                     | 50,000,000                 | -  | -                           | -   | -                             | 50,000,000               | Note 6           | Note 6            | Note 6             |

| Name/<br>Category of<br>Participant       | As at<br>1 January<br>2015 | Reclassification<br>during<br>the Period | Share options               |  |                               | As at<br>30 June<br>2015 | Date of<br>Grant | Exercise<br>Price | Exercise<br>Period |
|---|----------------------------|--|-----------------------------|--|-------------------------------|--------------------------|------------------|-------------------|--------------------|
|   |                            |  | Share<br>Options<br>Granted | lapsed/<br>cancelled<br>during<br>the Period | Share<br>Options<br>Exercised |                          |                  |                   |                    |
| Li Zhengshan                              | 5,570,000                  | -  | -                           | -  | (5,570,000)                   | -                        | Note 1           | Note 1            | Note 1             |
|   | 5,000,000                  | -  | -                           | -  | -                             | 5,000,000                | Note 2           | Note 2            | Note 2             |
|   | 25,000,000                 | -  | -                           | -  | -                             | 25,000,000               | Note 4           | Note 4            | Note 4             |
|   | 50,000,000                 | -  | -                           | -  | -                             | 50,000,000               | Note 6           | Note 6            | Note 6             |
| Ting Kwok Kit, Johnny                     | 35,000,000                 | -  | -                           | -  | (3,000,000)                   | 32,000,000               | Note 4           | Note 4            | Note 4             |
|   | 25,000,000                 | -  | -                           | -  | -                             | 25,000,000               | Note 6           | Note 6            | Note 6             |
| Chen Xiao                                 | 25,000,000                 | -  | -                           | -  | -                             | 25,000,000               | Note 4           | Note 4            | Note 4             |
|   | 50,000,000                 | -  | -                           | -  | -                             | 50,000,000               | Note 6           | Note 6            | Note 6             |
| Xia Tingkang, Tim                         | 10,000,000                 | -  | -                           | -  | -                             | 10,000,000               | Note 4           | Note 4            | Note 4             |
|   | 10,000,000                 | -  | -                           | -  | -                             | 10,000,000               | Note 6           | Note 6            | Note 6             |
| Wong Lee Hing                             | 10,000,000                 | -  | -                           | -  | (3,000,000)                   | 7,000,000                | Note 5           | Note 5            | Note 5             |
|   | 2,000,000                  | -  | -                           | -  | -                             | 2,000,000                | Note 6           | Note 6            | Note 6             |
| Song Jian                                 | 10,000,000                 | -  | -                           | -  | -                             | 10,000,000               | Note 4           | Note 4            | Note 4             |
|   | 10,000,000                 | -  | -                           | -  | -                             | 10,000,000               | Note 6           | Note 6            | Note 6             |
| Cheng Tat Wa                              | 5,000,000                  | -  | -                           | -  | (5,000,000)                   | -                        | Note 5           | Note 5            | Note 5             |
|   | 5,000,000                  | -  | -                           | -  | -                             | 5,000,000                | Note 6           | Note 6            | Note 6             |
| Zhu Guobin                                | 10,000,000                 | -  | -                           | -  | -                             | 10,000,000               | Note 4           | Note 4            | Note 4             |
|   | 10,000,000                 | -  | -                           | -  | -                             | 10,000,000               | Note 6           | Note 6            | Note 6             |
| Li Jianyong                               | 10,000,000                 | -  | -                           | -  | -                             | 10,000,000               | Note 4           | Note 4            | Note 4             |
|   | 20,000,000                 | -  | -                           | -  | -                             | 20,000,000               | Note 6           | Note 6            | Note 6             |
| Chan Sin Hang                             | 5,000,000                  | -  | -                           | -  | (500,000)                     | 4,500,000                | Note 6           | Note 6            | Note 6             |
| Sub Total:                                | 864,420,000                | -  | -                           | -  | (63,780,000)                  | 800,640,000              |                  |                   |                    |
| Employee<br>(in aggregate)                | 15,250,000                 | -  | -                           | -  | (8,912,000)                   | 6,338,000                | Note 1           | Note 1            | Note 1             |
|   | 31,400,000                 | -  | -                           | -  | (12,400,000)                  | 19,000,000               | Note 2           | Note 2            | Note 2             |
|   | 265,000,000                | -  | -                           | -  | (142,500,000)                 | 122,500,000              | Note 4           | Note 4            | Note 4             |
|   | 7,000,000                  | -  | -                           | -  | (7,000,000)                   | -                        | Note 5           | Note 5            | Note 5             |
|   | 355,000,000                | -  | -                           | (2,000,000)                                  | (52,400,000)                  | 300,600,000              | Note 6           | Note 6            | Note 6             |
| Sub Total:                                | 673,650,000                | -  | -                           | (2,000,000)                                  | (223,212,000)                 | 448,438,000              |                  |                   |                    |
| Other eligible persons:<br>(in aggregate) | 15,000,000                 | -  | -                           | -  | (10,000,000)                  | 5,000,000                | Note 2           | Note 2            | Note 2             |
|   | 412,000,000                | -  | -                           | -  | (206,000,000)                 | 206,000,000              | Note 4           | Note 4            | Note 4             |
|   | 14,000,000                 | -  | -                           | -  | -                             | 14,000,000               | Note 5           | Note 5            | Note 5             |
|   | 436,000,000                | -  | -                           | -  | (222,000,000)                 | 214,000,000              | Note 6           | Note 6            | Note 6             |
| Sub Total:                                | 877,000,000                | -  | -                           | -  | (438,000,000)                 | 439,000,000              |                  |                   |                    |
| Total:                                    | 2,415,070,000              | -  | -                           | (2,000,000)                                  | (724,992,000)                 | 1,688,078,000            |                  |                   |                    |

*Notes:*

1. These share options were granted on 9 August 2005 and are exercisable at a subscription price of HK\$0.102 per share at any time during the period of 10 years from 29 August 2005 to 8 August 2015.
2. These share options were granted on 6 February 2008 and are exercisable at a subscription price of HK\$0.114 per share at any time during the period of 10 years from 6 February 2008 to 5 February 2018.
3. These share options were granted on 4 December 2012 and are exercisable at a subscription price of HK\$0.12 per share at any time during the period of 8 years from 1 January 2015 to 3 December 2022.
4. These share options were granted on 6 September 2013 and are exercisable at a subscription price of HK\$0.108 per share at any time during the period of 10 years from 6 September 2013 to 5 September 2023.
5. These share options were granted on 29 July 2014 and are exercisable at a subscription price of HK\$0.1136 per share at any time during the period of 10 years from 29 July 2014 to 28 July 2024.
6. These share options were granted on 20 November 2014 and are exercisable at a subscription price of HK\$0.201 per share at any time during the period of 10 years from 20 November 2014 to 19 November 2024.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

## **CORPORATE GOVERNANCE**

Throughout the Period, the Company had applied the principles and complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

## **DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE**

During the Period, none of the Directors had material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party.

## **COMPETING INTERESTS**

The Directors were not aware of any business or interest of any of the Directors, or the controlling shareholders of the Company and their respective associates (as defined in the Listing Rules) that competes or may compete, directly or indirectly, with the business of the Group for the Period.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

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

## SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information and to the best of the Directors' knowledge, information and belief, the Company had maintained sufficient public float of not less than 25% of its total issued shares as required under the Listing Rules during the Period.

## REVIEW OF FINANCIAL STATEMENTS

The interim results for the Period are unaudited and have not been reviewed by the auditor of the Company. The audit committee of the Company has reviewed with the management of the Company the accounting principles and practices adopted by the Group, the internal controls and financial reporting matters of the Group, and the unaudited condensed consolidated financial statements of the Group for the Period.

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

Hong Kong, 31 August 2015

\* *For identification purposes only*