THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in WE Solutions Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

力世紀有限公司

WE SOLUTIONS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 860)

(1) MAJOR TRANSACTION PROPOSED ACQUISITION OF 86.06% OF APOLLO INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE AND (2) PROPOSED CHANGE OF COMPANY NAME AND (3) RE-ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR AND (4) NOTICE OF EXTRAORDINARY GENERAL MEETING

A letter from the Board of the Company is set out on pages 5 to 27 of this circular. A notice convening the EGM (as defined in this circular) of the Company to be held at 11:00 a.m. on Thursday, 12 March 2020 at Units 301 and 302, Third Floor, Building 22E, Phase Three, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong, is set out on pages EGM-1 to EGM-3 of this circular.

A form of proxy for the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the form of proxy and return the same to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the EGM or any adjournment thereof if you so wish.

18 February 2020

CONTENTS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Acquisition"	the proposed acquisition of the Sale Shares by the Company from the Vendor pursuant to the terms of the Agreement
"Acquisition Conditions"	the conditions precedent to the completion of the Acquisition
"Agreement"	the sale and purchase agreement dated 16 May 2019 (as amended and supplemented by the Supplemental Agreement and the Second Supplemental Agreement) and entered into among the Company, the Vendor, the Guarantor and the Target Company in relation to the Acquisition and the provision of the Bridge Loan
"Board"	the board of Directors
"Bridge Loan"	the bridge loan to be lent by the Group to the Target Company in an aggregate amount of up to HK$50,000,000 pursuant to the terms of the Agreement
"Business Days"	a day (not being a Saturday, a Sunday and a public holiday) on which banks are open for normal banking business in Hong Kong
"Change of Company Name"	the proposed change of the English name of the Company from "WE Solutions Limited" to "Apollo Future Mobility Group Limited"
"Company"	WE Solutions Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 860)
"Completion Date"	the date of completion of the Acquisition
"connected persons"	has the meaning ascribed to this term under Chapter 14A of the Listing Rules
"Consideration Price"	HK$172,000,000 to be paid in cash by the Company to the Vendor as part of the consideration for the Acquisition
"Consideration Shares"	up to 1,655,232,000 new Shares of an aggregate value of up to approximately HK$860,720,000 (subject to adjustment under the Agreement) to be allotted and issued by the Company to the Vendor as part of the consideration for the Acquisition

"Deposit A"	HK$20,000,000 paid in cash by the Company to the Vendor as part of the Consideration Price upon signing of the Agreement on 16 May 2019
"Deposit B"	HK$20,000,000 paid in cash by the Company to the Vendor as part of the Consideration Price upon the signing of the Supplemental Agreement on 15 August 2019
"Directors"	the directors of the Company
"EGM"	the extraordinary general meeting of the Company to be held at 11:00 a.m. on Thursday, 12 March 2020 at Units 301 and 302, Third Floor, Building 22E, Phase Three, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong and the notice of which is set out in this circular
"Enlarged Group"	the Group and the Target Group
"EUR"	Euro, the lawful currency of the European Union
"EV(s)"	electric vehicle(s)
"Group"	the Company and its subsidiaries
"Guarantor"	Mr. Choi Sung Fung alias Mr. Norman Choi, being the sole director and the direct sole shareholder of the Vendor
"HIBOR"	the Hong Kong Interbank Offered Rate
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Ideenion"	Ideenion Automobil AG
"Ideenion Acquisition"	the proposed acquisition of the entire issued share capital of Ideenion by the Company at the aggregate consideration of up to approximately EUR36,000,000
"Ideenion Group"	Ideenion and its subsidiaries
"Independent Valuer"	Greater China Appraisal Limited
"Latest Practicable Date"	13 February 2020, being the latest practicable date before the printing of this circular for ascertaining certain information for the purpose of inclusion in this circular
"Listing Committee"	has the meaning ascribed to it under the Listing Rules

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	31 March 2020, being the date by which all the Acquisition Conditions must be fulfilled (or waived, if applicable)
"Mr. Pecot"	Mr. Charles Matthew Pecot III
"NEV(s)"	new energy vehicle(s)
"PRC"	the People's Republic of China excluding, for the purpose of this circular, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Resolutions"	the proposed resolutions as referred to in the notice of the EGM
"Sale Shares"	an aggregate of 20,051 issued ordinary shares of US$1 each in the share capital of the Target Company, representing approximately 86.06% of the total issued share capital of the Target Company as at the Latest Practicable Date
"Second Supplemental Agreement"	the Second Supplemental Agreement dated 3 January 2020 and entered into among the Company, the Vendor, the Guarantor and the Target Company amending and supplementing the Agreement in relation to the extension of the Long Stop Date and Completion Date
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholders"	holders of the Shares
"Shares"	ordinary shares of HK$0.10 each in the share capital of the Company
"Specific Mandate"	a specific mandate to allot and issue the Consideration Shares to be sought from the Shareholders at the EGM
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	the price per Consideration Share, being HK$0.52 per Consideration Share
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules

"Supplemental Agreement"	the supplemental agreement dated 15 August 2019 and entered into among the Company, the Vendor, the Guarantor and the Target Company amending and supplementing the Agreement in relation to the Acquisition, the provision of the Bridge Loan and the extension of the Long Stop Date and Completion Date
"Target Company"	Sino Partner Global Limited, a company incorporated in the British Virgin Islands with limited liability
"Target Group"	the Target Company and its direct and indirect wholly-owned subsidiaries, namely Apollo Automobil GmbH (a company incorporated in Germany), Apollo Automobile Limited (a company incorporated in England and Wales), Apollo Automobil Japan Co., Ltd. (a company incorporated in Japan) and Apollo Automobil Limited, Shine Billion Limited and Winner Advance Limited (companies incorporated in Hong Kong)
"US$"	United States dollars, the lawful currency of the United States of America
"Valuation Report"	the valuation report on approximately 86.06% of the issued share capital of the Target Company as at 30 September 2019 prepared by the Independent Valuer set out in Appendix IV to this circular
"Vendor"	Ideal Team Ventures Limited, a company incorporated in the British Virgin Islands with limited liability and a controlling shareholder of the Target Company holding approximately 86.06% of its total issued share capital as at the Latest Practicable Date
"%"	per cent

力世紀有限公司
WE SOLUTIONS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 860)

Executive Directors:
Mr. Ho King Fung, Eric *(Chairman)*
Mr. Sung Kin Man

Non-executive Director:
Mr. Zhang Jinbing *(Co-Chairman)*

Independent non-executive Directors:
Mr. Tam Ping Kuen, Daniel
Mr. Teoh Chun Ming
Mr. Peter Edward Jackson
Mr. Charles Matthew Pecot III

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Units 301 and 302, Third Floor
Building 22E, Phase Three
Hong Kong Science Park
Pak Shek Kok
New Territories
Hong Kong

18 February 2020

To the Shareholders

Dear Sir or Madam,

**(1) MAJOR TRANSACTION
PROPOSED ACQUISITION OF 86.06% OF APOLLO INVOLVING
ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE
AND
(2) PROPOSED CHANGE OF COMPANY NAME
AND
(3) RE-ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR
AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Reference is made to (i) the announcements of the Company dated 16 May 2019 and 15 August 2019 in relation to, among other things, the Acquisition involving the issue of the Consideration Shares under the Specific Mandate and the provision of the Bridge Loan; (ii) the announcement of the Company dated 31 May 2019 in relation to, among other things, the appointment of Mr. Pecot as an independent non-executive Director; (iii) the announcement of the Company dated 23 December 2019 in relation to, among other things, the proposed Change of Company Name; and (iv) the announcement of the Company dated 3 January 2020 in relation to, among other things, the extension of the Long Stop Date and Completion Date.

The purpose of this circular is to provide you with (i) further information in respect of the Acquisition involving the issue of the Consideration Shares under the Specific Mandate and the provision of the Bridge Loan, the re-election of Mr. Pecot and the proposed Change of Company Name; and (ii) a notice convening the EGM.

2. THE ACQUISITION

The Company entered into the Agreement with the Vendor, the Guarantor and the Target Company in respect of the Acquisition and the provision of the Bridge Loan.

The Acquisition

Pursuant to the Agreement, the Company has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Shares representing approximately 86.06% of the total issued share capital of the Target Company. Upon completion of the Acquisition, the Target Company and its subsidiaries will become non wholly-owned subsidiaries of the Company.

The Target Group is principally engaged in the design, development, manufacturing and sale of high performance hypercars under the brand "Apollo" worldwide.

The aggregate consideration for the Acquisition of up to approximately HK$1,032,720,000 comprises the Consideration Price of HK$172,000,000 and (subject to adjustment) the Consideration Shares. Depending on the financial performance of the Target Group for the three years ending 31 December 2021, up to 1,655,232,000 Consideration Shares of an aggregate value of up to approximately HK$860,720,000 may be allotted and issued to the Vendor under the Specific Mandate at the Subscription Price of HK$0.52 per Consideration Share, representing: (a) approximately 23.08% of the total number of Shares in issue as at the Latest Practicable Date; and (b) approximately 18.76% of the enlarged total issued Shares immediately after such issue in full and assuming no change to the total number of Shares in issue from the Latest Practicable Date to the date of such issue in full of the Consideration Shares, upon which the Vendor will become a substantial shareholder of the Company.

The provision of the Bridge Loan

Pursuant to the Agreement, the Company has agreed for the Group to lend the Bridge Loan to the Target Company in an aggregate amount of up to HK$50,000,000 before the Completion Date upon the Target Company's request. The term of the Bridge Loan is one year from the respective lending date(s) and may be repayable early upon demand by the Group. The interest rate per annum of the Bridge Loan is HIBOR+5% payable by the Target Company to the Group monthly in arrears.

The Target Company undertakes to the Company to use the Bridge Loan for the development of the Target Group's future car models.

Further and in anticipation of Completion, the Company expects to change its company name to "Apollo Future Mobility Group Limited", further details of which are out in this circular.

THE AGREEMENT

Date

16 May 2019 (after trading hours) and as amended and supplemented by the Supplemental Agreement dated 15 August 2019 and the Second Supplemental Agreement dated 3 January 2020

Parties

Purchaser:	The Company
Vendor:	Ideal Team Ventures Limited
Guarantor:	Mr. Choi Sung Fung alias Mr. Norman Choi
Target Company:	Sino Partner Global Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Target Group, its beneficial owners and their respective ultimate beneficial owners (including the Vendor and the Guarantor) are third parties independent of the Company and its connected persons.

The Acquisition

Assets to be acquired

Pursuant to the Agreement, the Company has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Shares representing approximately 86.06% of the total issued share capital of the Target Company as at the Latest Practicable Date. Upon completion of the Acquisition, the Target Group will become non wholly-owned subsidiaries of the Company.

Consideration

The aggregate consideration for the Acquisition of up to approximately HK$1,032,720,000 comprises:

(1) the Deposit A in the amount of HK$20,000,000 as part of the Consideration Price paid in cash by the Company to the Vendor funded by the Group's internal resources upon the signing of the Agreement on 16 May 2019, which is not refundable to the Company unless the parties to the Agreement did not proceed to completion of the Acquisition for any reason attributable to the Vendor;

(2) the Deposit B in the amount of HK$20,000,000 as part of the Consideration Price paid in cash by the Company to the Vendor funded by the Group's internal resources upon the signing of the Supplemental Agreement on 15 August 2019, which is refundable to the Company in the event of the Company and the Vendor not proceeding to completion of the Acquisition for any reason;

(3) HK$132,000,000 (being the Consideration Price of HK$172,000,000 less the Deposit A and Deposit B) payable in cash by the Company to the Vendor to be funded by the Group's internal resources upon completion of the Acquisition; and

(4) (subject to adjustment based on the financial performance of the Target Group in the three years ending 31 December 2021) the Consideration Shares which may be allotted and issued by the Company to the Vendor.

In terms of the above possible consideration adjustment, such adjustment shall be determined based on the consolidated earnings before interests and taxes ("**EBIT**") of the Target Group as shown in the audited consolidated financial statements of the Target Group for the year ending 31 December 2021 less the consolidated loss before interests and taxes of the Target Group (if any) as shown in the audited consolidated financial statements of the Target Group for the years ended/ending 31 December 2019 and 31 December 2020 to be prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. Such number of Consideration Shares shall be issued to the Vendor as follows:

(a) more than or equal to EUR1,890,000 but less than EUR3,780,000, then 66,432,000 Consideration Shares representing aggregate value of approximately HK$34,544,000;

(b) more than or equal to EUR3,780,000 but less than EUR5,670,000, then 463,632,000 Consideration Shares representing aggregate value of approximately HK$241,088,000;

(c) more than or equal to EUR5,670,000 but less than EUR7,560,000, then 860,832,000 Consideration Shares representing aggregate value of approximately HK$447,632,000;

(d) more than or equal to EUR7,560,000 but less than EUR9,450,000, then 1,258,032,000 Consideration Shares representing aggregate value of approximately HK$654,176,000; or

(e) more than or equal to EUR9,450,000, then 1,655,232,000 Consideration Shares representing aggregate value of approximately HK$860,720,000 shall be issued to the Vendor.

Any item which is non-recurring, extraordinary, or not in the ordinary and usual course of business will be excluded from the EBIT of the Target Group for the purpose of calculating the number of Consideration Shares.

The Consideration Shares shall be allotted and issued by the Company to the Vendor as soon as practicable after the finalization of the audited consolidated financial statements of the Target Group for the year ended 31 December 2021, which is currently expectedly to be no later than the end of April 2022.

The consideration for the Acquisition was determined after arm's length negotiation between the Company and the Vendor having taken into account, among other things, (i) the reasons for the Acquisition as disclosed in the section headed "Reasons for and benefits of the Acquisition and the provision of the Bridge Loan" below, (ii) the future growth prospects and earnings capability of the Target Group and (iii) the estimated enterprise value ("**EV**") of the Target Group.

In relation to the prospects of the Target Group above, the Company took into account the future growth prospects and earnings capability of the Target Group including the current business plan for Apollo Intensa Emozione (its current car model the delivery of which started in November 2019 and is expected to be completed by 2020, hereinafter referred to as "**IE**"). The IE has already completed its relevant research and development phase as well as capital expenditures in connection with its design and production. The IE received widespread media coverage for its launch and all of the IEs had already been sold out prior to its commercial production. Full payment for all IEs sold is expected to be received by the Target Group before delivery of the IEs.

As for the EV of the Target Group, the Company considered relevant opportunities and comparables in order to assess the merits of the Acquisition. Having looked into a number of automobile designers and manufacturers and taking into account the nature of the Target Group's business being the design and manufacture of high performance hypercars, the Company identified two automobile designers and manufacturers as the most relevant comparables. The two comparable companies are similar to the Target Group as they are both engaged in the business of producing and selling high performance supercars under their own respective brands and they are the only two automobile designers and manufacturers which have products in the same category as the Target Group's products and the financial information on which is publicly available. In addition to the two comparable companies, the Company also considered a number of other automobile designers and manufacturers but eventually ruled them out as unsuitable comparables due to one or more of the following reasons:

(1) their products are not in the same category as the Target Group's high performance hypercars;

(2) sales of sports car constitute a small proportion of their overall sales; and/or

(3) they derive a significant portion of their income from their equity interest in their associate, whilst Target Group's main income stream is directly from sales of its high performance hypercars.

The Board is of the view that two comparable companies are sufficient to derive a fair and reasonable valuation of the Target Group as they are reasonably representative of the niche industry the Target Group is in, being the design and manufacture of high performance hypercars. The Board and the Independent Valuer have considered numerous companies whose main business operations are principally engaged in car design and manufacturing over the world and both reached the conclusion that the two comparable companies are the most comparable to the Target Group in terms of lines of business, products, market location of the business and other criteria. In particular, the two comparable companies are two of the only three companies among such companies whose product portfolio consists mainly of hypercars (the remaining one was rejected as a comparable company for the reason that it derives a significant portion of its income from its equity interest in its associate, whilst Target Group's main income stream is directly from sales of its high performance hypercars). Please refer to the Valuation Report for further details.

The EV of the Target Group was then derived using (i) the Target Group's target consolidated EBIT for the financial year ending 31 December 2021 (the "**Target EBIT**") calculated based on the target sales of the next generation Apollo Intensa Emozione ("**IE2**"); multiplied by (ii) the average of the EV to EBIT multiples of the comparable companies. The EV of the comparable companies were derived by adding debts, minority interest and market value of preference shares (if applicable) to, and deducting cash equivalent from, the market capitalization of the comparable companies, which is computed by multiplying their share price by the number of outstanding shares. In addition to the above, the Company relied on the following assumptions to derive the EV of the Target Group:

(1) the comparable companies share sufficient similarities to the underlying business of the Target Group so as to provide a meaningful comparison;

(2) the estimate of future multiples of the comparable companies obtained from Bloomberg is assumed to be accurate in reflecting the general performance of those companies and industries;

(3) performance of the Target Group is expected not to significantly deviate from the performance of its industry peers;

(4) there would be no material change in the existing political, legal, fiscal, foreign trade and economic conditions in the countries where the Target Group is carrying on its businesses;

(5) there would be no significant deviation in the industry trends and market conditions from the current market expectation;

(6) there would be no material change in interest rates or foreign currency exchange rates from those currently prevailing;

(7) there would be no major change in the current taxation law in the countries where the Target Group and the comparable companies were operated;

(8) all relevant legal approvals, business certificates or licenses for the normal course of operation are formally obtained, in good standing and that no additional costs or fees are needed to procure such during the application; and

(9) the Target Group will retain competent management, key personnel and technical staff to support the ongoing business operations.

Although IE2 is at an early development stage and the Target Group is yet to generate revenue and earnings therefrom, the Target Group has great confidence in IE2 coming into form and in IE2's popularity, as it is currently expected that IE2 will be largely similar to IE, including its outlook and its chassis, yet IE2's estimated base purchase price is less expensive than IE's and riding on IE's success, the Target Group expects similar or even higher level of demand for IE2. In fact, the Target Group has received strong indication of interest in IE2 from a large number of potential customers. It has received written confirmations from its dealer partners in Asia, United Kingdom and the Middle East respectively confirming that since the official launch of IE in October 2017, they have received in aggregate at least 45 enquiries from buyers who they considered to be serious and that those buyers have expressed their desire to be kept informed in case an allocation of the IE becomes available or when Apollo launches its next vehicles. The Target Group has also maintained its own list of over 80 potential buyers' indications of interest received to purchase the IE or any future Apollo vehicle. The IE was intentionally produced in limited number as a statement car of the Apollo brand and its demand has significantly exceeded supply. Based on the positive reception received by the IEs at motor shows or delivered, and with the maturing manufacturing technologies, the Target Group is prepared to gradually increase the production volume of future car models including IE2 at a lower cost to meet market demand, while maintaining the exclusivity of the brand. As such, the Directors are confident that the Target EBIT calculated based on the target sales of the IE2 is achievable.

The Target EBIT was calculated based on the expected sales volume of IE2 multiplied by the expected selling price of IE2 for the financial year ending 31 December 2021, minuses the estimated costs and operating expenses including depreciation and amortization in relation to IE2, with reference to the actual costs and expenses incurred by the production of IE as well as the research and development costs incurred for the IE and IE2. The Target Group is mainly subject to income taxes in Hong Kong and Germany and its interest expenses are expected to be primarily attributable to a shareholder's loan and the Bridge Loan. After careful consideration of the capital structure, use of leverage and tax situation of the Target Group as well as those of different automobile companies, the Board is of the view that these factors do not materially impact the valuation of the Target Group and given these factors vary among different companies in different geographical locations, such factors are not materially relevant in the valuation of the Target Group as they are not directly relevant to the core business and performance of the relevant company. Accordingly, the Directors consider it fair and reasonable to determine the EV of the Target Group based on the Target EBIT as the Target

EBIT reflects the core, recurring business profitability of the Target Group, as well as its capital expenditures which are important in the automobile industry, before the impact of capital structure and taxes.

The Directors considered it appropriate to use the above EV to EBIT approach because such approach is commonly used and adopted by the market for companies in the automobile industry. The Directors have also explored other valuation methodologies and considered them to be inappropriate for the following reasons:

(i) EV to revenue multiple: The Directors considered revenue would only represent the demand for the cars instead of overall profitability and in turn earnings prospect of the Target Group, and it would be a better representation of the Target Group as a whole if the relevant costs of sales of IEs and IE2s and the Target Group's administrative costs were taken into consideration.

(ii) Asset-based approach: The value of the Target Group would be based on replacement cost or reproduction cost rather than the ability to generate streams of benefits in the future. As the Company is acquiring the future economic benefits of the Target Group which will be generated from the Target Group's manufacturing and sales of automobiles, such approach cannot reliably reflect the value of the Target Group.

(iii) Price to book multiple: This ratio mostly relies on past financial information. Given the Target Group was at a ramp-up stage, its past financial information would not be representative of its future performance and any future earnings ability.

(iv) Income-based approach: Such valuation method relies on long term financial forecast involving subjective assumptions and is based on long term historical financial data, which was not readily available from the Target Group as the IEs had not yet been delivered and in turn revenue generated therefrom had not yet been recognised in its consolidated accounts. Moreover, such valuation method is very sensitive to model inputs, a slight deviation in discount rate and forecasted operating cash flows would result on significantly different valuation results. Considering the uncertainty and dynamic nature of the hypercars manufacturing business, it would be difficult to apply reliable input estimates.

(v) Price to earnings multiple: The average of the price to earnings ratios for the comparable companies would be even higher than their average EV to EBIT multiples currently adopted by the Company to value the Target Group and in turn resulting in an even higher consideration amount.

Taking into account the above, the Directors came to the conclusion that the EV to EBIT approach to be the most appropriate, fair and representative in the context of the Acquisition.

Based on the abovementioned calculations, the total value of the Target Group was originally estimated at EUR218,728,000 (equivalent to approximately HK$1,900,000,000) by the Company based on the EV of the Target Group, which was calculated based on the Target EBIT of approximately EUR15.2 million, multiplied by the average EV to EBIT multiple of the two comparable companies of 14.39.

The estimated total value of the Target Group was then adjusted to approximately HK$1,200,000,000 upon negotiation between the Company and the Vendor after taking into account the following:

(i) the Acquisition was originally for a non-controlling 40% stake in the Target Company (the interest is subsequently increased to 86.06% pursuant to the Supplemental Agreement);

(ii) the Target Group had not yet delivered any of the IEs to its customers as at the date of the Agreement; and

(iii) the net liability position of the Target Group as at 31 December 2018 and 30 September 2019, and the net losses recorded by the Target Group for the years ended 31 December 2017 and 2018, and the period ended 30 September 2019, as disclosed in the section headed ‘‘Financial information of the Target Company’’ below.

Since the Company is acquiring a 86.06% interest in the Target Company, the value attributable to it would therefore be approximately HK$1,032,720,000 (i.e. the aggregate consideration for the Acquisition).

The Company has further engaged Greater China Appraisal Limited to prepare the Valuation Report on the Target Group, a copy of which is set out in Appendix IV to this circular. According to the Valuation Report, the appraised value of approximately 86.06% of the issued share capital of the Target Company was approximately HK$1,296,396,000 as at 30 September 2019. The aggregate consideration for the Acquisition of HK$1,032,720,000 represents a discount of approximately 20.3% to the appraised value of approximately 86.06% of the issued share capital of the Target Company of HK$1,296,396,000 as at 30 September 2019 prepared by the Independent Valuer using the market approach.

There is a difference between the total value of the Target Group originally estimated by the Company of approximately HK$1,900,000,000 and the total value of the Target Group estimated by the Independent Valuer of approximately HK$1,506,386,000, primarily due to the following reasons:

(i) the average EV to EBIT multiple of the two comparable companies has (since the original valuation by the Company) been adjusted upwards by Bloomberg from 14.39 to 15.54, resulting in an increase in the EV of the Target Group from EUR218,728,000 (estimated by the Company) to EUR236,208,000 (estimated by the Independent Valuer); and

(ii) the total value of the Target Group estimated by the Company was reduced by approximately 36.8% to HK$1,200,000,000 after negotiations between the Company and the Vendor taking into account of certain factors as discussed above, while the total value of the Target Group estimated by the Independent Valuer was reduced by approximately 25.5% to HK$1,506,386,000 after taking into account certain adjustments as stated in the Valuation Report. As the factors considered by the Company and the Vendor to arrive at the final consideration are not identical to the adjustments applied by the Independent Valuer, there is a difference between the total value of the Target Group as estimated by the Company and the Independent Valuer.

Since the total value of the Target Group originally estimated by the Company was less than the total value of the Target Group estimated by the Independent Valuer, the Board considered it to be fair and reasonable to maintain the total value of the Target Group at HK$1,200,000,000.

To protect the Company's interests, the Company and the Vendor agreed that the Acquisition consideration is subject to adjustment by reducing the number of Consideration Shares to be allotted and issued by the Company to the Vendor in the manner explained above.

Regarding the determination of the adjustments to the Consideration Shares, in the event that the Target Company records profits in the year ended/ending 31 December 2019 and/or 2020, any consolidated EBIT of the Target Group for the year ended/ending 31 December 2019 and/or 2020 will not be taken into account in any way for determining the adjustments. Only the consolidated loss before interests and taxes of the Target Group (if any) for the year ended/ending 31 December 2019 and/or 2020 will be taken into account for reducing the number of Consideration Shares to be allotted and issued.

Given the Guarantor's involvement in leading the development, marketing and launch of the IE and his expected participation in the upcoming IE2, the Guarantor has undertaken in the Agreement to remain as a director and the chief executive officer of the Target Company for at least three years from the Completion Date. It is expected that the Guarantor will continue to take charge in leading the overall operations of the Target Group during such period, taking into account the Guarantor's interest in the Target Group's performance in light of the significant number of Consideration Shares (up to approximately HK$860,720,000 in value) which will be issued by reference to the performance of the Target Group up to December 2021. Further upon issue in full of the Consideration Shares, the Vendor will become a substantial shareholder of the Company and given the significant stake in the Company to be held indirectly by the Guarantor, the Directors believe that the Guarantor's interest is sufficiently aligned to ensure he will continue to take a strong interest in the performance of the Group (including the Target Group).

The Target Group's existing management team, comprising the general manager and chief marketing officer, chief financial officer and chief operating officer, chief executive officer (Germany), head of design and chief CAD (computer-aided design) designer, generally has extensive experience in the automotive industry and has been with the Target Group since its inception. They have all contributed to the success of the Target Group. Their visions are aligned with that of the Vendor and the Company and they wish to continue to build the Target Group's business and to enjoy its future success. The Target Group's management team is also incentivised by their eligibility to participate in the employee share option plan of the Group after the completion of the Acquisition.

Further to the above, there are five ranges of the adjusted targeted consolidated EBIT which trigger the issue of Consideration Shares, with each range being a 20% increment of the aggregate consideration from the former range. The five ranges serve as an incentive to the Vendor in achieving the relevant earning targets and in turn growing the Target Group and were determined after arm's length negotiation between the Company and the Vendor in proportion to the Target EBIT. The Company and the Vendor agree that such arrangement would provide clarity to the calculation of the adjustment to the consideration for the Acquisition. Each range will accordingly trigger issuance of the corresponding number of Consideration Shares based on the calculations that:

(i) the aggregate value of the Consideration Shares to be issued is calculated by the total Acquisition consideration less the Consideration Price; and

(ii) the respective numbers of Consideration Shares to be issued when each of the five ranges of consolidated EBIT are met are determined by dividing the respective aggregate value of the Consideration Shares by the Subscription Price, rounded up to the nearest multiple of 4,000 Shares (being the board lot size of the Shares for trading on the Stock Exchange).

Since the aggregate consideration for the Acquisition is up to approximately HK$1,032,720,000 and the Consideration Price is HK$172,000,000, as a result, the maximum aggregate value of the Consideration Shares is approximately HK$860,720,000.

Acquisition Conditions

The completion of the Acquisition is conditional upon the fulfilment (or waiver, if applicable) of all the following conditions by 31 March 2020:

(1) the Company being satisfied with the results of the due diligence exercise on each member of the Target Group and the Target Company providing to the Company a certified copy of the independent auditor's report and audited consolidated financial statements of the Target Company for the year ended 31 December 2018 prepared in accordance with the Hong Kong Financial Reporting Standards;

(2) save for paragraph (8) below, the Vendor having obtained all necessary authorisations (or waivers) and completed all necessary registrations and filings (if applicable) in relation to the Agreement and the Acquisition;

(3) there being no breach of any of the representations, warranties and undertakings given, and to be given, by each of the Vendor and the Guarantor jointly and severally to the Company;

(4) there not having occurred, in the sole opinion of the Company acting reasonably, any change or effect, the consequence of which materially and adversely affects the condition (financial or otherwise), business, liabilities, results of operations, prospects and/or assets of any member of the Target Group or the Target Group as a whole;

(5) there being no breach of any of the representations, warranties and undertakings given, and to be given, by the Company to the Vendor;

(6) the Shareholders having approved the Acquisition at the EGM;

(7) the Shareholders having approved the Specific Mandate for the issue of the Consideration Shares at the EGM; and

(8) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Consideration Shares (and such listing and permission not subsequently revoked prior to completion of the Acquisition).

The Company is entitled to waive all of the Acquisition Conditions at its sole and absolute discretion except conditions (5) and (8). The Vendor is entitled to waive condition (5) above at its sole and absolute discretion. As at the Latest Practicable Date, condition (1) has been fulfilled. As at the Latest Practicable Date, the Company has no intention in waiving any of the Acquisition Conditions.

Completion of the Acquisition

The completion of the Acquisition shall take place within sixty (60) days after the fulfilment of all the Acquisition Conditions and in any event on or before 30 May 2020.

Upon completion of the Acquisition, the Company will hold 20,051 Sale Shares, representing approximately 86.06% of the total issued share capital of the Target Company. The Target Group will become non wholly-owned subsidiaries of the Company immediately upon completion of the Acquisition and the financial statements of the Target Group will be consolidated into the Group's consolidated financial statements.

Directorship in the Target Company

The Company is entitled to appoint one director of the Target Company. The Target Company currently has one director and together with the new appointment by the Company, the board of the Target Company will comprise two directors immediately upon completion and the Company will therefore have equal representation at the board level of the Target Company.

Whilst the Company plans to rely on the existing management to handle the daily operation and does not intend to significantly revamp the board structure of the Target Company, as the Company will become a majority shareholder of the Target Company upon completion of the Acquisition, the Company will be entitled to appoint additional directors to the board of the Target Company as and when it sees appropriate.

The Consideration Shares

The number of Consideration Shares, if fully allotted and issued, represents: (a) approximately 23.08% of the total number of Shares in issue as at the Latest Practicable Date; and (b) approximately 18.76% of the enlarged total issued Shares immediately after issue of the Consideration Shares in full (assuming there will be no change to the total number of Shares in issue from the Latest Practicable Date to the date of issue of the Consideration Shares in full other than the issue of the Consideration Shares by the Company), upon which the Vendor will become a substantial shareholder of the Company.

The Subscription Price is HK$0.52 and represents:

(i) a premium of 4.00% over the closing price of HK$0.50 per Share as quoted on the Stock Exchange on the date of the Agreement;

(ii) a premium of approximately 9.01% over the average closing price of HK$0.477 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the Agreement;

(iii) a premium of approximately 38.67% over the closing price of HK$0.375 per Share as quoted on the Stock Exchange on the date of the Supplemental Agreement; and

(iv) a premium of approximately 27.76% over the average closing price of HK$0.407 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the Supplemental Agreement.

(v) discount of approximately 5.5% over the audited net asset value attributable to the owners of the Company of approximately HK$0.55 per Share (based on the total number of issued Shares as at 30 September 2019), as set out in the annual report of the Company for the year ended 30 September 2019; and

(vi) discount of approximately 21.2% over the audited net asset value attributable to the owners of the Company of approximately HK$0.66 per Share (based on the total number of issued Shares as at 30 September 2018), as set out in the annual report of the Company for the year ended 30 September 2018.

In determining the basis of the Subscription Price of HK$0.52, the Directors took into account of the followings:

(i) the audited net asset value attributable to the owners of the Company of approximately HK$0.66 per Share (based on the total number of issued Shares as at 30 September 2018), as set out in the annual report of the Company for the year ended 30 September 2018;

(ii) the average Share price of the Company for the last six months of approximately HK$0.49 before the date of the Agreement i.e.16 May 2019;

(iii) the average Share price of the Company for the last one month of approximately HK$0.46 before the date of the Agreement i.e.16 May 2019; and

(iv) the average Share price of the Company for the last five days of approximately HK$0.48 before the date of the Agreement i.e.16 May 2019.

The Company and the Vendor agreed to take the average of the above factors in arriving at the Subscription Price of HK$0.52 which the Board considers fair and reasonable.

The Consideration Shares, credited as fully paid and free from all encumbrances if and when issued, shall rank pari passu in all respects with the other Shares in issue or to be issued by the Company on or prior to the date of allotment of the Consideration Shares.

The Consideration Shares (if any) will be allotted and issued under the Specific Mandate to be sought from the Shareholders at the EGM. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Effect on shareholding structure of the Company

As at the Latest Practicable Date, the total number of issued Shares is 7,170,198,562.

For illustrative purpose only, the following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the issue of the Consideration Shares in full (assuming there will be no change to the total number of Shares in issue from the Latest Practicable Date to the date of issue of the Consideration Shares in full other than the issue of the Consideration Shares by the Company):

Shareholders	**As at the Latest Practicable Date**		**Immediately after the issue of the Consideration Shares in full**	
	Number of Shares	*%*	*Number of Shares*	*%*
Mr. Ho King Man, Justin *(Note 1)*	1,699,220,474	23.70	1,699,220,474	19.25
Mr. Ho King Fung, Eric *(Note 2)*	11,000,000	0.15	11,000,000	0.12
Mr. Zhang Jinbing *(Note 2)*	3,960,000	0.06	3,960,000	0.04
Mr. Tam Ping Kuen, Daniel *(Note 2)*	960,000	0.01	960,000	0.01
The Vendor	Nil	Nil	1,655,232,000	18.76
Other public Shareholders	5,455,058,088	76.08	5,455,058,088	61.82
Total issued Shares	7,170,198,562	100.00	8,825,430,562	100.00

Notes:

(1) Mr. Ho King Man Justin beneficially owned 1,699,220,474 Shares through Ruby Charm Investment Limited, a company directly wholly-owned by him.

(2) Being Directors.

(3) The numbers in the above table have been subject to rounding adjustments.

The provision of the Bridge Loan

Pursuant to the Agreement, the Company has agreed for the Group to lend the Bridge Loan to the Target Company in an aggregate amount of up to HK$50,000,000 before the Completion Date upon the Target Company's request. The term of the Bridge Loan is one year from the respective lending date(s) and may be repayable early upon demand by the Group. The interest rate per annum of the Bridge Loan is HIBOR+5% payable by the Target Company to the Group monthly in arrears.

As at the Latest Practicable Date, the Company has granted to the Target Company the Bridge Loan of an aggregate amount of HK$50,000,000.

The Target Company undertakes to the Company to use the Bridge Loan for the development of the Target Group's future car models.

The terms of the Bridge Loan were determined after arm's length negotiation between the Company and the Target Company having taken into account, among other things, the reasons for the provision of the Bridge Loan as disclosed in the section headed "Reasons for and benefits of the Acquisition and the provision of the Bridge Loan" below based on credit assessment of the Target Group with reference to the interest rates offered by other money lending institutions available in the market. In determining the interest rate of the Bridge Loan, the Company has considered also the risks associated with the Target Group, including the net liability position and unrealised financial performance as the Target Group has been incurring loss and had not delivered any of the IEs to its customers at the time of negotiation. The Board considered the terms of the Bridge Loan reasonable having taken into account these factors.

INFORMATION ON THE COMPANY

The Company is principally engaged in investment holding and the principal activities of its subsidiaries are manufacturing and sales of NEVs and related components and provision of engineering services, trading, retailing and wholesale of jewellery products and watches, money lending, securities investments, property investment and mining.

INFORMATION ON THE VENDOR AND THE GUARANTOR

The Vendor is an investment holding company. The Guarantor is the sole director and the direct sole shareholder of the Vendor.

INFORMATION ON THE TARGET COMPANY

The Target Company is an investment holding company. The Target Group is principally engaged in the design, development, manufacturing and sale of high performance hypercars under the brand "Apollo" worldwide.

Apollo is a brand with a long history which has established reputation and goodwill through its many years in the automobile industry. The Apollo brand is well known among car enthusiasts, the media and the general public. The Target Group and the Apollo IE have been featured in numerous articles and events worldwide as well as in popular video games.

Information on the Apollo IE

The Target Group entered into sales contracts with its customers during the period between 2018 and 2019 (prior to the signing of the Agreement) for all IEs that are currently being produced. All IEs will be delivered by 2020. Under such sales contracts, each customer must make an initial deposit payment in order to secure his or her entitlement to an IE. Whilst the payment schedule of each sales contract varies depending on the customer, delivery schedule and specifications of the IE ordered, in general, additional payment(s) must be received by the Target Group prior to commencement of production and full payment must be received prior to delivery of the vehicle.

Financial information of the Target Company

Based on the audited consolidated financial statements of the Target Company prepared in accordance with generally accepted accounting principles in Hong Kong, the financial information of the Target Company for the financial years ended 31 December 2017 and 31 December 2018 are set out as follows:

	For the financial year ended 31 December	
	2017	**2018**
	HK$'000	*HK$'000*
Net loss before taxation	(14,388)	(78,571)
Net loss after taxation	(14,388)	(78,653)

Based on the audited consolidated financial statements of the Target Company prepared in accordance with generally accepted accounting principles in Hong Kong, the net liability value of the Target Company as at 31 December 2018 was approximately HK$63,511,000.

Given the current stage of the Target Group's production cycle (having invested significantly on the design, research and development and production for the IE and the IEs being produced for commercial sales and delivery in the course of 2019 and 2020), it is within the Company's expectations that the Target Group was in a net liability position as at 31 December 2018 and recorded net losses for the years ended 31 December 2017 and 2018. The financial performance of the Target Group is expected to rebound as and when the IEs are delivered and final payments are received from the customers.

In accordance with relevant accounting principles, the Target Group will recognise revenue generated from sales of IEs in its consolidated accounts upon delivery of the IEs. As delivery of IEs had not yet taken place in the years ended 31 December 2017 and 2018, no revenue in relation to the sales of IEs had been recognised by the Target Group in its consolidated accounts during such period.

REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE PROVISION OF THE BRIDGE LOAN

The Group is an integrated NEV solutions provider. The Group owns a majority stake in GLM Co., Ltd ("**GLM**") which operates in Japan with a primary focus on delivering EV powertrain technology (i.e. motor, battery packs and battery management system) and engineering packaged solutions (i.e. chassis and vehicle control units) to customers. It also expanded its businesses through its investments in Divergent Technologies, Inc. ("**Divergent**") which is principally engaged in the research, design, development and manufacture of three-dimensional printed structures for automobiles and EV Power Holding Limited which is principally engaged in the provision of EV charging solutions and standards in Hong Kong and the PRC.

In agreeing to the terms of the Acquisition, the Company took into account:

(i) the comparable companies and their relevant EV to EBIT multiples;

(ii) the assessment of the benefits and merits of the Acquisition having taken into account the comparable companies and their relevant EV to EBIT multiples;

(iii) the Company's on-site due diligence visit of the Target Group's operations in Germany (where its operations are primarily based) and the related manufacturing facilities they use;

(iv) the financial due diligence on the Target Group's financial information conducted with the assistance of one of the international accounting firms; and

(v) the legal due diligence on the Target Group's corporate documents, business contracts and intellectual property rights conducted by lawyers of the jurisdictions where members of the Target Group were incorporated.

The Directors believe that the Acquisition is an opportunity to strengthen the Group's business strategy of becoming a world leading solutions provider in the NEV and automobile industry and to create substantial synergies with the Group's current investments in the automobile businesses. Upon completion of the Acquisition:

(i) the Company will have equal representation at the board level of the Target Company being one of the two directors there (the other director being the sole shareholder of the Vendor); and

(ii) the Company will own approximately 86.06% of the total issued share capital of the Target Company.

The Company and the Target Company's director share the same vision that the brand name and technologies of the Target Group and the technologies of the Group's investments in the automobile businesses can complement each other and create substantial synergies through the Target Group's future car models, which was the rationale behind the Acquisition. Upon completion, the Target Group would explore and potentially use the Group's technologies in its future car models. For instance, as certain parts of IE are 3D printed structures and it is currently expected that IE2 will also include 3D printed structures, Divergent's 3D printing technologies may be adopted. GLM also possesses hybrid automobile technology which may be used in the development of IE2. These are possible synergies between the Group and the Target Group subject to the development of both the Group and the Target Group. Further, to the extent IE2 adopts technologies of the Group, it is expected that the Group will be able to leverage on the success of IE2 and further market its capabilities to other customers accordingly.

The fact that a hypercar producer like Apollo would choose to use the services and/or technology of the Group in due course or otherwise deeply collaborate with it is also a testament to the Group's capabilities and credibility in this sector.

The Directors also believe that the issue of the Consideration Shares to the Vendor would incentivise the Vendor in procuring enhancement to the financial performance of the Target Group.

The Directors believe that the provision of the Bridge Loan to the Target Company before the Completion Date for the development of the Target Group's future car models would serve as funding for the continuous business development of the Target Group in the interim period between the date of signing of the Supplemental Agreement and the Completion Date and will enhance the prospects and long term returns of the Target Group and in turn the Company's interests in the Target Group by way of the Acquisition and strengthen its strategic relationship with the Target Group and its other stakeholders.

The Directors are of the view that the terms of the Agreement are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE ACQUISITION ON THE GROUP

Upon completion of the Acquisition, the Target Group will become non wholly-owned subsidiaries of the Company and the financial results, assets and liabilities of the Target Group will be consolidated into the Group's consolidated financial statements.

Earnings

Upon completion of the Acquisition, the Target Group will become non wholly-owned subsidiaries of the Company and the financial results of the Target Group will be consolidated into the consolidated financial statements of the Group. Further details of the Target Group are set out in "Appendix II — Financial Information of the Target Group" to this circular.

Assets and liabilities

Based on the annual report of the Company for the year ended 30 September 2019, as at 30 September 2019, the Group had total assets, total liabilities and net assets of approximately HK$4,553.3 million, HK$509.6 million and HK$4,043.7 million, respectively.

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, if the Acquisition had been completed on 30 September 2019, the total assets and total liabilities of the Enlarged Group would have increased to approximately HK$5,541.7 million and HK$1,483.5 million respectively, and the net assets of the Enlarged Group would have increased to approximately HK$4,058.2 million.

The unaudited pro forma combined statement of assets and liabilities of the Enlarged Group as at 30 September 2019 was prepared based on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

Further details of the unaudited pro forma financial information of the Enlarged Group immediately following completion of the Acquisition are set out in Appendix III to this circular.

LISTING RULES IMPLICATIONS

As one or more of the applicable ratios set out in Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The completion of the Acquisition is conditional upon fulfillment of the Acquisition Conditions. The issue of the Consideration Shares is subject to adjustment under the Agreement. Accordingly, the Acquisition and the issue of the Consideration Shares may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

3. PROPOSED CHANGE OF COMPANY NAME

The Company announced on 23 December 2019 that it proposes to change the English name of the Company from "WE Solutions Limited" to "Apollo Future Mobility Group Limited" and the dual foreign name in Chinese of the Company "力世紀有限公司" remains unchanged.

Reasons for the Change of Company Name

The Group is engaged in a number of businesses including the manufacturing and sales of NEVs and related components and the provision of engineering services. Recognising the huge potential of the future mobility market, the Group aims to expand its NEV solutions and services and to become a world leading full solutions provider in the automobile industry and the Acquisition and the Ideenion Acquisition are part of the Company's strategy to achieve this goal.

In anticipation of the completion of the Acquisition, the Company intends to change its company name. The Board considers that the Change of Company Name will better reflect the Group's aforesaid business strategies, diversification and expansion and will also help to promote and strengthen the Group's corporate image and identity, enabling the Group to better capture potential business opportunities for its future development. In addition, the dual foreign name in Chinese of the Company remaining unchanged will help to maintain stability and development of the Group's business in the PRC.

The Board is of the view that the Change of Company Name is in the interests of the Company and the Shareholders as a whole.

Conditions of the Change of Company Name

The proposed Change of Company Name is subject to (i) the passing of an ordinary resolution by the Shareholders at the EGM approving the Acquisition; (ii) the passing of a special resolution by the Shareholders at the EGM approving the proposed Change of Company Name; and (iii) the approval by the Registrar of Companies in the Cayman Islands having been obtained for the Change of Company Name.

Once the special resolution on the proposed Change of Company Name has been passed at the EGM, the Company will file a certified copy of the said resolution with the Registrar of Companies in the Cayman Islands. The proposed Change of Company Name will take effect from the date on which the Registrar of Companies in the Cayman Islands enters the new English name of the Company on the register of companies in place of the current English name of the Company. Upon the Change of Company Name taking effect and the receipt of the Certificate of Incorporation on Change of Name from the Registry of Companies in the Cayman Islands, the Company will carry out the necessary filing procedures with the Companies Registry in Hong Kong.

Effects of the Change of Company Name

The proposed Change of Company Name, once approved and after becoming effective, will not affect any of the rights of the Shareholders. All existing share certificates of the Company in issue bearing the current name of the Company will, after the Change of Company Name becoming effective, continue to be evidence of title to the shares of the Company and will continue to be valid for trading, settlement, registration and delivery purposes. Accordingly, no arrangement will be made for the free exchange of the existing share certificates of the Company for new share certificates bearing the new name of the Company. Upon the Change of Company Name becoming effective, all new share certificates of the Company will only be issued in the new name of the Company.

In addition, subject to the confirmation by the Stock Exchange, the English stock short name of the Company for trading in the shares of the Company on the Stock Exchange will also be changed after the Change of Company Name becomes effective. The Chinese stock short name of the Company for trading in the shares of the Company on the Stock Exchange remains unchanged. Subject to the Change of Company Name becoming effective, the Company will also adopt a new logo and change its website address.

4. RE-ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

As disclosed in the announcement of the Company dated 31 May 2019 in relation to, among other things, the appointment of an independent non-executive Director of the Company, Mr. Charles Matthew Pecot III ("**Mr. Pecot**") was appointed by the Board as an independent non-executive Director and a member of each of the audit committee, remuneration committee, nomination committee, and corporate governance committee of the Board with effect from 1 June 2019. According to article 112 of the articles of association of the Company, any Director appointed to fill a casual vacancy or as an additional director on the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting. Accordingly, Mr. Pecot shall retire from office as an independent non-executive Director at the EGM and he, being eligible, offers himself for re-election at the EGM.

The nomination committee of the Company has assessed and reviewed the written confirmation of independence of Mr. Pecot who has offered himself for re-election at the EGM based on the independence criteria as set out in Rule 3.13 of the Listing Rules and is satisfied that he remains independent in accordance with Rule 3.13 of the Listing Rules. In addition, the nomination committee has evaluated Mr. Pecot based on criteria set out in the nomination policy adopted by the Company including but not limited to his character and integrity, professional qualifications, skills, knowledge, experience and willingness and ability to devote adequate time to discharge duties as a member of the Board.

The nomination committee is also of the view that Mr. Pecot will bring to the Board perspectives, skills and experience as further described in his biography below.

Based on the Board diversity policy adopted by the Company, the nomination committee considers that Mr. Pecot can contribute to the diversity of the Board, in particular, with Mr. Pecot's professional experience in the finance industry and international capital markets worldwide.

Therefore, the Board, with the recommendation of the nomination committee, supports Mr. Pecot's re-election as an independent non-executive Directors at the EGM.

The biographical details of Mr. Pecot are set out below:

Mr. Pecot, aged 58, graduated with a bachelor's degree in mechanical engineering and obtained a master's degree major in science in operations research and minor in applied statistics at the Air Force Institute of Technology, Ohio, the United States of America. He has been working in the finance industry and international capital markets worldwide since 1994 and has extensive management experience. Mr. Pecot is currently serving as the Head of Equities at Barclays Capital Asia Limited, a position which he has held since May 2018, and is responsible for leading the equities franchise in Asia Pacific. Previously, he was the Head of Prime Services and Head of Equities Distribution in Asia Pacific at Credit Suisse (Hong Kong) Limited for the period from July 2009 to June 2017. Mr. Pecot was also the Head of Prime Services and Prime Brokerage Services in Asia Pacific at UBS Securities Asia Limited for the period from April 2004 to February 2007.

Mr. Pecot has entered into a letter of appointment as an independent non-executive Director with the Company for a term of three years commencing on 1 June 2019, which can be terminated by either party by serving two months' notice in writing. Under the letter of appointment, he is entitled to an annual director's fee of HK$200,000 which is determined by reference to his performance for the year, experience, qualification, duties and responsibilities in the Company and the prevailing market rate. Mr. Pecot's remuneration will be subject to review by the remuneration committee of the Board and the Board from time to time. As a Director, he is subject to retirement by rotation and re-election in accordance with the articles of association of the Company.

Save as disclosed above, as at the Latest Practicable Date, Mr. Pecot (i) did not hold any other position with the Company and other members of the Group; (ii) had not held any other directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other major appointments or professional qualifications; (iii) did not have any relationship with any Directors, senior management, or substantial or controlling shareholders of the Company; and (iv) did not have any interests in the shares of the Company which are required to be disclosed pursuant to Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, as at the Latest Practicable Date there are no other matters relating to the re-election of Mr. Pecot as an independent non-executive Director that needs to be brought to the attention of the Shareholders nor any information that needs to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

5. EGM

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve (i) the Acquisition; (ii) the grant of the Specific Mandate for the issue of the Consideration Shares; and (iii) the re-election of Mr. Pecot by ordinary resolutions, and (iv) the Change of Company Name by special resolution. A notice convening the EGM to be held at 11:00 a.m. on Thursday, 12 March 2020 at Units 301 and 302, Third Floor, Building 22E, Phase Three, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong is set out on pages EGM-1 to EGM-3 of this circular, which contains the Resolutions to be considered and, if thought fit, passed at the EGM.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition and the issue of the Consideration Shares under the Specific Mandate and no Shareholder is required to abstain from voting under the Listing Rules in respect of any of the Resolutions to be proposed at the EGM.

Pursuant to Rule 13.39(4) of the Listing Rules, the vote of the Shareholders at the EGM will be taken by poll and a scrutineer will be appointed by the Company for vote taking at the EGM. An announcement on the poll vote results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the EGM or any adjournment thereof if you so wish.

Closure of register of members

The transfer books and register of members of the Company will be closed from Friday, 6 March 2020 to Thursday, 12 March 2020 (both days inclusive) for the purpose of determining entitlement of the Shareholders to attend and vote at the EGM, during which period no transfer of Shares will be effected. In order to qualify for attending and voting at the EGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 5 March 2020.

6. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

7. RECOMMENDATION

The Directors consider that the terms of the Agreement and the transactions contemplated thereunder (including the Acquisition involving the issue of the Consideration Shares and the provision of the Bridge Loan) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole and that the proposed re-election of Mr. Pecot and the Change of Company Name are in the interests of the Company and the Shareholders as a whole. The Directors recommend the Shareholders to vote in favour of all relevant resolutions to be proposed at the EGM as set out in the notice of the EGM on pages EGM-1 to EGM-3 of this circular.

Yours faithfully,
By order of the Board
WE Solutions Limited
Ho King Fung, Eric
Chairman

1. SUMMARY OF THE FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the past three years ended 30 September 2017, 2018 and 2019 are disclosed in the following documents which have been published on the respective websites of the Stock Exchange at (http://www.hkexnews.hk) and the Company at (http://www.wesolutions.com.hk):

(a) the audited financial statements included in the annual report of the Company for the year ended 30 September 2017:

https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0125/ltn20180125536.pdf

(b) the audited financial statements included in the annual report of the Company for the year ended 30 September 2018:

https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0130/ltn20190130867.pdf

(c) the audited financial statements included in the annual report of the Company for the year ended 30 September 2019:

https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0123/2020012300005.pdf

2. WORKING CAPITAL STATEMENT

The Directors, after due and careful considerations, are of the opinion that, taking into account the expected completion of the Acquisition, the internal resources available and the existing available facilities of the Enlarged Group, the Enlarged Group will have sufficient working capital for its present requirements for at least twelve months from the date of publication of this circular in the absence of unforeseen circumstances.

3. INDEBTEDNESS STATEMENT

At the close of business on 31 December 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the indebtedness of the Enlarged Group was as follows:

Borrowings

The Group had (i) unsecured bank borrowings of approximately HK$100,470,000; (ii) a secured bank borrowing of approximately HK$21,313,000, which was secured by the pledge of certain land and building of the Group; and (iii) lease liabilities of approximately HK$24,605,000.

The Target Group had (i) outstanding shareholder's loan of HK$45,417,000; (ii) an unsecured loan from an independent third party of HK$10,178,000 included in other payables; and (iii) unsecured loans due to the Group of approximately HK$56,199,000.

Contingent liabilities

The Group had contingent liabilities not provided for in the financial statements in respect of certain corporate guarantees given by a subsidiary of the Company (the "Subsidiary") to certain property purchasers who purchased properties from a former investee of the Subsidiary to the extent of HK$54,375,000 in connection with certain property transactions and other arrangements of the former investee in prior years.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Enlarged Group did not have, at the close of business on 31 December 2019, any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

4. FINANCIAL AND TRADING PROSPECTS

More than a year after various acquisitions and strategic initiatives, the Board believes the Group has not only successfully diversified into providing EV solutions and services, but also a NEV full solutions provider across the globe. The Group aims to make further contribution to the NEV industry in the future and believes that the Acquisition will have significant synergistic and complementary effects with its other investments in the automobile businesses.

Meanwhile, the Group experienced lackluster performance in business segments including retailing of jewellery and watches, money lending and property investment, which was mainly attributable to the deteriorated market conditions in recent years. Last year, the Group disposed of a subsidiary which was engaged in the wholesale and retailing of jewellery and watches in Hong Kong and Macau. Further details of the disposal are set out in the Company's announcement dated 29 May 2019. In view of the uncertain and pessimistic outlook, the Group will further look to scale down these businesses going forward.

In respect of the prospects of the Target Group, the IE has already completed its relevant research and development phases as well as capital expenditures in connection with its design and production. Full payment for IEs sold is expected to be received by the Target Group before delivery of the IEs, which has started in 2019 and is expected to be completed by 2020. In November 2019, the Target Group delivered two IEs. Once the IEs are delivered, it is expected that the Target Group will be able to record the relevant revenue and earnings therefrom, thereby reducing its net liability position and achieve a net asset position.

Whereas IE2 is still at an early development stage, the Target Group has already conceived initial designs of future car models beyond IE2 that include high-end luxury cars and mass produced models. The Target Group intends to continue its pursuit for hypercars, further the application of its proprietary all carbon-fibre modular chassis currently used by IE and extend to multiple platforms. The Target Group will continue to develop other proprietary technology applicable to its future car models and licensing opportunities.

Apart from the Acquisition, on 31 October 2019, the Company also announced the proposed acquisition of Ideenion, which is a German automotive solutions provider which designs, develops and manufactures prototype internal combustion engine vehicles and NEVs. Furthermore, on 12 November 2019, the Company announced the formation of a joint venture with Jiangsu Jemmell New Energy Automobile Company Limited* (江蘇吉麥新能源車業有限公司), a related company of Jiangsu Jinpeng Group Company Limited* (江蘇金彭集團有限公司) to engage in the production and sale of NEVs in the PRC. The Group also entered into a strategic cooperation agreement with Agile Group Holdings Limited, a company listed on the Stock Exchange (stock code: 3383), to establish a partnership to jointly promote the development of NEV's industrial zones in the PRC. Together with the 3D metal printing and EV charging technologies which the Group has invested in, the Group targets to become the leading future mobility solutions provider in China and Asia, and to become the market leader in the industry.

Recognizing the huge opportunities in future mobility, the Group plans to rebrand itself as ''Apollo Future Mobility Group'', and believes that after the restructuring, future mobility solutions will become the main business and major source of revenue for the Group. Going forward the Group will focus on outsourcing technology solutions, product and sell high-performance hypercars, co-development and sale of NEVs with automobile brands in the PRC and Asia, as well as cross-branding and licensing cooperation with high-end brands.

5. MAJOR ACQUISITION AFTER 30 SEPTEMBER 2019 BEING THE DATE ON WHICH THE LATEST PUBLISHED AUDITED CONSOLIDATED ACCOUNTS OF THE GROUP WERE MADE UP

Reference is made to the announcement dated 31 October 2019 issued by the Company in respect of the conditional sale and purchase agreement dated 31 October 2019 entered into among the Company, as buyer, and Mr. Mirko Konta, Mr. Werner Händl and Mr. Nigel Westwood, as sellers, in relation to the proposed acquisition of the entire issued share capital of Ideenion at the aggregate consideration of up to approximately EUR36,000,000 which comprises:

(a) the initial consideration price in the amount of EUR15,000,000 to be paid upon completion of the acquisition in cash by the Company to the vendors in proportion to their shareholding in Ideenion (to be funded by the Group's internal resources); and

(b) payment of the further consideration price in the amount of up to EUR4,200,000 (to be funded by the Group's internal resources) and allotment and issuance of the consideration Shares of an aggregate value of up to approximately EUR16,800,000 by the Company to the vendors subject to the mechanism below:

   (i) EUR1,400,000 in aggregate will be paid in cash and new Shares of an aggregate value of up to approximately EUR5,600,000 will be allotted and issued to the vendors in proportion to their shareholding in Ideenion on the first anniversary of the completion date of the acquisition if the consolidated net profit after tax

* *for identification purposes only*

as shown in the audited consolidated financial statements of the Ideenion Group for the financial year ending 30 June 2020 is more than or equal to EUR4,600,000;

(ii) EUR1,400,000 in aggregate will be paid in cash and new Shares of an aggregate value of up to approximately EUR5,600,000 will be allotted and issued to the Vendors in proportion to their shareholding in Ideenion on the second anniversary of the completion date of the acquisition if the consolidated net profit after tax as shown in the audited consolidated financial statements of the Ideenion Group for the financial year ending 30 June 2021 is more than or equal to EUR4,600,000; and

(iii) EUR1,400,000 in aggregate will be paid in cash and new Shares of an aggregate value of up to approximately EUR5,600,000 will be allotted and issued to the Vendors in proportion to their shareholding in the Ideenion on the third anniversary of the completion date of the acquisition if the consolidated net profit after tax as shown in the audited consolidated financial statements of the Ideenion Group for the financial year ending 30 June 2022 is more than or equal to EUR4,600,000.

Ideenion is a German stock corporation principally engaged in the design, development and prototyping of internal combustion engines vehicles and NEVs, including vehicle components and accessories for vehicles.

Ideenion Design AG, the total issued share capital of which is directly held by Ideenion as to 75%, is a German stock corporation principally engaged in the styling and design of vehicles and the development of software for vehicles.

Ideenion Electronic AG, a direct wholly-owned subsidiary of Ideenion, is a German stock corporation principally engaged in the research and development of electronics and software for vehicles and the design, development and manufacturing of prototype electronic systems and components for vehicles.

The aggregate of the remuneration payable to and benefits in kind receivable by the Directors will not be varied in consequence of such acquisition.

(1) ACCOUNTANTS' REPORT ON THE TARGET GROUP

Set out below is the text of a report received from the independent reporting accountants of the Company, BDO Limited, Certified Public Accountants, Hong Kong, which has been prepared for the purpose of incorporation in this circular.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF WE SOLUTIONS LIMITED

Introduction

We report on the historical financial information of Sino Partner Global Limited (the "Target Company") and its subsidiaries (together the "Target Group") set out on pages II-4 to II-66, which comprises the consolidated statements of financial position as at 31 December 2016, 2017 and 2018 and 30 September 2019 and the statements of financial position of the Target Company as at 31 December 2016, 2017 and 2018 and 30 September 2019, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2016, 2017 and 2018 and the nine months ended 30 September 2019 (the "Track Record Period"), and a summary of significant accounting policies and other explanatory information (together the "Historical Financial Information"). The Historical Financial Information set out on pages II-4 to II-66 forms an integral part of this report, which has been prepared for inclusion in the circular of WE Solutions Limited (the "Company") dated 18 February 2020 (the "Circular") in connection with the proposed acquisition of 86.06% of the total issued share capital of the Target Company.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 ''Accountants' Reports on Historical Financial Information in Investment Circulars'' issued by the Hong Kong Institute of Certified Public Accountants (''HKICPA''). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Company's financial position as at 31 December 2016, 2017 and 2018 and 30 September 2019, the Target Group's consolidated financial position as at 31 December 2016, 2017 and 2018 and 30 September 2019 and of the Target Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of Stub Period Comparative Historical Financial Information

We have reviewed the stub period comparative historical financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended 30 September 2018 and other explanatory information (together the ''Stub Period Comparative Historical Financial Information''). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Historical Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Historical Financial Information based on our review. We conducted our review in accordance with Hong Kong

Standard on Review Engagements 2410 ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'' issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Historical Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information and the Stub Period Comparative Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-4 have been made.

BDO Limited
Certified Public Accountants
Chan Tsz Hung
Practising Certificate no. P06693

Hong Kong
18 February 2020

I. HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

Preparation of the Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Group for the Track Record Period (also referred to as the "Relevant Periods"), on which the Historical Financial Information is based, were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA (the "Underlying Financial Statements") and were audited by BDO Limited.

The Historical Financial Information is presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

Consolidated Statements of Profit or Loss and Other Comprehensive Income

		Year ended 31 December			Nine months ended 30 September	
		2016	2017	2018	2018	2019
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)	
Revenue	*7*	**24,846**	**27,547**	**5,353**	**4,073**	**4,289**
Cost of sales		(9,642)	(21,449)	(9,245)	(6)	(412)
Gross profit/(loss)		**15,204**	**6,098**	**(3,892)**	**4,067**	**3,877**
Other income and gains	*7*	620	156	740	734	65
Administrative and other operating expenses		(11,366)	(20,642)	(66,119)	(12,130)	(16,252)
Fair value gain/(loss) on convertible loan payable	*22*	583	—	(9,300)	—	—
Profit/(loss) before interest and income tax		5,041	(14,388)	(78,571)	(7,329)	(12,310)
Finance costs	*10*	(583)	—	—	—	(3,072)
Profit/(loss) before income tax	*8*	**4,458**	**(14,388)**	**(78,571)**	**(7,329)**	**(15,382)**
Income tax expense	*11*	(1,414)	—	(82)	(30)	(55)
Profit/(loss) for the year/period		**3,044**	**(14,388)**	**(78,653)**	**(7,359)**	**(15,437)**
Other comprehensive income						
Item that may be reclassified subsequently to profit or loss:						
Exchange differences on translation of financial statements of foreign operation		128	(1,677)	1,229	863	381
Total comprehensive income for the year/period		**3,172**	**(16,065)**	**(77,424)**	**(6,496)**	**(15,056)**
Profit/(loss) for the year/period attributable to:						
Owners of the Target Company		3,821	(14,388)	(78,653)	(7,359)	(15,437)
Non-controlling interest		(777)	—	—	—	—
		3,044	**(14,388)**	**(78,653)**	**(7,359)**	**(15,437)**
Total comprehensive income for the year/period attributable to:						
Owners of the Target Company		3,922	(16,065)	(77,424)	(6,496)	(15,056)
Non-controlling interest		(750)	—	—	—	—
		3,172	**(16,065)**	**(77,424)**	**(6,496)**	**(15,056)**

Consolidated Statements of Financial Position

		As at 31 December			As at 30 September
		2016	2017	2018	2019
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Property, plant and equipment	*13*	5,381	35,796	24,977	29,018
Intangible assets	*14*	48,538	80,465	80,337	88,432
Total non-current assets		**53,919**	**116,261**	**105,314**	**117,450**
Current assets					
Inventories	*16*	26,132	25,481	18,240	34,140
Deposits, prepayments and other receivables	*17*	2,132	1,314	640	2,177
Amount due from an equity owner	*18*	26,711	—	—	—
Amount due from a related party	*18*	—	—	2,653	4,105
Cash and bank balances		1,818	1,509	2,990	10,193
		56,793	28,304	24,523	50,615
Assets classified as held for sale	*19*	30,471	—	—	—
Total current assets		**87,264**	**28,304**	**24,523**	**50,615**
Current liabilities					
Trade and other payables	*20*	27,167	25,911	21,199	41,903
Contract liabilities	*21*	—	—	40,864	71,152
Amount due to a director	*18*	—	1,273	2,942	2,911
Amount due to an equity owner	*18*	45,973	—	—	—
Shareholder's loan	*18*	—	71,778	37,881	43,934
Income tax payable		2,202	1,757	1,097	1,192
Total current liabilities		**75,342**	**100,719**	**103,983**	**161,092**
Net current assets/(liabilities)		**11,922**	**(72,415)**	**(79,460)**	**(110,477)**
Total assets less current liabilities		**65,841**	**43,846**	**25,854**	**6,973**

		As at 31 December			As at 30 September
		2016	2017	2018	2019
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current liabilities					
Other payables	*20*	35,033	29,933	—	—
Contract liabilities	*21*	—	—	24,833	21,008
Convertible loan payable	*22*	—	—	64,532	—
Total non-current liabilities		**35,033**	**29,933**	**89,365**	**21,008**
Net assets/(liabilities)		**30,808**	**13,913**	**(63,511)**	**(14,035)**
Equity attributable to owners of the Target Company					
Share capital	*23(a)*	956	956	956	1,082
Reserves	*23(b)*	30,774	12,957	(64,467)	(15,117)
Total equity attributable to owners of the Target Company		**31,730**	**13,913**	**(63,511)**	**(14,035)**
Non-controlling interest		**(922)**	**—**	**—**	**—**
Total equity/(capital deficiency)		**30,808**	**13,913**	**(63,511)**	**(14,035)**

Consolidated Statements of Changes in Equity

	Attributable to owners of the Target Company						
	Share capital *HK$'000* *(Note 23(a))*	**Share premium** *HK$'000* *(Note 23(c))*	**Foreign exchange reserve** *HK$'000* *(Note 23(c))*	**(Accumulated losses)/ retained earnings** *HK$'000*	**Total** *HK$'000*	**Non-controlling interest** *HK$'000*	**(Capital deficiency)/ total equity** *HK$'000*
At 1 January 2016	55	—	(61)	(186)	(192)	(172)	(364)
Profit for the year	—	—	—	3,821	3,821	(777)	3,044
Other comprehensive income for the year:							
Exchange differences on translation of foreign operation	—	—	101	—	101	27	128
Total comprehensive income for the year	—	—	101	3,821	3,922	(750)	3,172
Conversion of convertible loan *(Note 22)*	901	27,099	—	—	28,000	—	28,000
At 31 December 2016 and 1 January 2017	956	27,099	40	3,635	31,730	(922)	30,808
Loss for the year	—	—	—	(14,388)	(14,388)	—	(14,388)
Other comprehensive income for the year:							
Exchange differences on translation of foreign operation	—	—	(1,677)	—	(1,677)	—	(1,677)
Total comprehensive income for the year	—	—	(1,677)	(14,388)	(16,065)	—	(16,065)
Acquisition of non-controlling interest	—	—	—	(1,752)	(1,752)	922	(830)
At 31 December 2017 and 1 January 2018	956	27,099	(1,637)	(12,505)	13,913	—	13,913
Loss for the year	—	—	—	(78,653)	(78,653)	—	(78,653)
Other comprehensive income for the year:							
Exchange differences on translation of foreign operation	—	—	1,229	—	1,229	—	1,229
Total comprehensive income for the year	—	—	1,229	(78,653)	(77,424)	—	(77,424)

	Attributable to owners of the Target Company						
	Share capital	**Share premium**	**Foreign exchange reserve**	**(Accumulated losses)/ retained earnings**	**Total**	**Non-controlling interest**	**(Capital deficiency)/ total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 23(a))	*(Note 23(c))*	*(Note 23(c))*				
At 31 December 2018 and 1 January 2019	956	27,099	(408)	(91,158)	(63,511)	—	(63,511)
Loss for the period	—	—	—	(15,437)	(15,437)	—	(15,437)
Other comprehensive income for the period:							
Exchange differences on translation of foreign operation	—	—	381	—	381	—	381
Total comprehensive income for the period	—	—	381	(15,437)	(15,056)	—	(15,056)
Conversion of convertible loan *(Note 22)*	126	64,406	—	—	64,532	—	64,532
At 30 September 2019	1,082	91,505	(27)	(106,595)	(14,035)	—	(14,035)
At 1 January 2018	956	27,099	(1,637)	(12,505)	13,913	—	13,913
Loss for the period (unaudited)	—	—	—	(7,359)	(7,359)	—	(7,359)
Other comprehensive income for the period (unaudited):							
Exchange differences on translation of foreign operation	—	—	863	—	863	—	863
Total comprehensive income for the period (unaudited)	—	—	863	(7,359)	(6,496)	—	(6,496)
At 30 September 2018 (unaudited)	956	27,099	(774)	(19,864)	7,417	—	7,417

Consolidated Statements of Cash Flows

		Year ended 31 December			Nine months ended 30 September	
		2016	**2017**	**2018**	**2018**	**2019**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)	
Cash flows from operating activities						
Profit/(loss) before income tax		4,458	(14,388)	(78,571)	(7,329)	(15,382)
Adjustments for:						
Interest income	*7*	(620)	—	—	—	—
Amortisation of intangible assets	*8*	257	1,832	—	—	3,822
Depreciation of property, plant and equipment	*8*	1,971	1,000	1,132	837	1,269
Fair value (gain)/loss on convertible loan payable		(583)	—	9,300	—	—
Write-off of intangible assets	*8*	—	—	50,780	—	—
Write-off of inventories	*8*	—	—	9,228	—	—
Loss on disposal of property, plant and equipment	*8*	—	9	2,947	2,947	—
Finance costs	*10*	583	—	—	—	3,072
Operating profit/(loss) before working capital changes		6,066	(11,547)	(5,184)	(3,545)	(7,219)
(Increase)/decrease in inventories		(5,132)	651	(1,987)	(992)	(15,900)
Decrease/(increase) in deposits, prepayments and other receivables		6,190	818	674	681	(1,537)
Increase in amount due from a related party		—	—	(2,653)	(5)	(1,452)
Increase/(decrease) in trade and other payables		7,056	(7,520)	9,991	(354)	(6,008)
Increase in contract liabilities		—	—	19,664	16,495	26,463
Increase/(decrease) in amount due to a director		—	1,273	1,669	1,468	(31)
Cash generated from/(used in) operations		14,180	(16,325)	22,174	13,748	(5,684)
Tax paid		—	(445)	(742)	(742)	—
Net cash generated from/(used in) operating activities		14,180	(16,770)	21,432	13,006	(5,684)

	Year ended 31 December			Nine months ended 30 September	
	2016	2017	2018	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Cash flows from investing activities					
Purchase of property, plant and equipment	(5,944)	(913)	(1,979)	(1,977)	(5,319)
Proceeds from disposals of property, plant and equipment	—	10	8,624	8,620	—
Additions to intangible assets	(30,663)	(17,159)	(41,877)	(25,370)	(10,445)
Acquisition of non-controlling interest	—	(830)	—	—	—
Interest received	2,000	—	—	—	—
Net cash used in investing activities	(34,607)	(18,892)	(35,232)	(18,727)	(15,764)
Cash flows from financing activities					
Proceeds from loans from independent third parties	—	—	—	—	25,311
Change in balance with an equity owner and shareholder's loan, net	17,407	44,703	12,427	4,318	1,854
Interest paid	—	—	(2,451)	—	(228)
Net cash generated from financing activities	17,407	44,703	9,976	4,318	26,937
Net (decrease)/increase in cash and cash equivalents	(3,020)	9,041	(3,824)	(1,403)	5,489
Cash and cash equivalents at beginning of year/period	**3,231**	**1,818**	**1,509**	**1,509**	**2,990**
Effect of foreign exchange rate changes	**1,607**	**(9,350)**	**5,305**	**3,716**	**1,714**
Cash and cash equivalents at end of year/period	**1,818**	**1,509**	**2,990**	**3,822**	**10,193**
Analysis of cash and cash equivalents					
Cash and bank balances	1,818	1,509	2,990	3,822	10,193

Statements of Financial Position

	Notes	As at 31 December 2016 HK$'000	As at 31 December 2017 HK$'000	As at 31 December 2018 HK$'000	As at 30 September 2019 HK$'000
Non-current assets					
Investments in subsidiaries	*30*	10	859	859	859
Intangible assets	*14*	11,996	—	—	—
Total non-current assets		**12,006**	**859**	**859**	**859**
Current assets					
Inventories	*16*	8,000	8,000	8,000	8,000
Amount due from an equity owner	*18*	22,274	—	—	—
Amount due from a subsidiary	*30*	43,126	130,659	151,994	178,125
Total current assets		**73,400**	**138,659**	**159,994**	**186,125**
Current liabilities					
Trade and other payables	*20*	8,798	9,069	969	21,231
Contract liabilities	*21*	—	—	8,100	8,100
Shareholder's loan	*18*	—	71,778	37,881	43,934
Income tax payable		2,202	—	—	—
Total current liabilities		**11,000**	**80,847**	**46,950**	**73,265**
Net current assets		**62,400**	**57,812**	**113,044**	**112,860**
Total assets less current liabilities		**74,406**	**58,671**	**113,903**	**113,719**
Non-current liabilities					
Other payables	*20*	35,033	29,933	—	—
Contract liabilities	*21*	—	—	24,833	21,008
Convertible loan payable	*22*	—	—	64,532	—
Total non-current liabilities		**35,033**	**29,933**	**89,365**	**21,008**
Net assets		**39,373**	**28,738**	**24,538**	**92,711**
Equity attributable to owners of the Target Company					
Share capital	*23(a)*	956	956	956	1,082
Reserves	*23(b)*	38,417	27,782	23,582	91,629
Total equity		**39,373**	**28,738**	**24,538**	**92,711**

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Target Company was incorporated in the British Virgin Island (''BVI'') as a limited liability company on 28 July 2014. Its ultimate holding company is Ideal Team Venture Limited (''Ideal Team''), a company which was incorporated in the BVI. Its registered office is located at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110.

The Target Company is engaged in investment holding, research and development and sales of high performance hypercars and provision of related services. Details of the activities of its subsidiaries are set out in Note 30.

2. BASIS OF PREPARATION

(a) Statement of compliance

The Historical Financial Information set out in this report has been prepared in conformity with HKFRSs, Hong Kong Accounting Standards (''HKASs'') and Interpretations (hereinafter collectively referred to as the ''HKFRS'') issued by the HKICPA and the applicable disclosure requirements of the Listing Rules.

The HKICPA has issued a number of new and revised HKFRS. For the purpose of preparing this Financial Information, the Target Group has adopted all applicable new and revised HKFRS during the Relevant Periods, except for any new or revised standards or interpretations that are not yet effective for and have not been early adopted by the Target Group, details of which are set out in Note 3.

The Target Group incurred a net loss of HK$15,437,000 during the nine months ended 30 September 2019 and, as of that date, the Target Group had net current liabilities and net liabilities of HK$110,477,000 and HK$14,035,000 respectively. The Target Group finances its operations principally by obtaining funding from its shareholders and interest-bearing borrowings.

The Historical Financial Information has been prepared by the Target Company's director under the going concern concept because in the opinion of the Target Company's director, the Target Group will have adequate fund for its current operations in the foreseeable future. The ultimate holding company, Ideal Team, has agreed to provide continuous financial support to the Target Group to enable it to continue in business as a going concern and meet its liabilities and obligations as and when they fall due in the foreseeable future, and not to demand repayment of debts due from the Target Group until such time when repayment will not affect the ability of the Target Group to repay other creditors in the normal course of business. The Company also agreed to provide continual financial support and adequate funds to the Target Group for its operations as and when they fall due upon the Company becomes the controlling shareholder of the Target Company.

(b) Basis of measurement

The Historical Financial Information has been prepared under the historical cost basis, except for convertible loan payable which is measured at fair value as explained in the accounting policy set out in note 4.

(c) Functional and presentation currency

The functional currency of the Target Company is Euro, while the Historical Financial Information is prepared for inclusion in this circular, the directors of the Target Company consider that it is more appropriate to adopt Hong Kong dollars (''HK$'') as the Target Group's and the Target Company's presentation currency. All Historical Financial Information presented in HK$ has been rounded to the nearest thousand (HK$'000) except otherwise stated.

3. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

(a) Changes in accounting policies and disclosures

For the purposes of preparing and presenting the Historical Financial Information for the Relevant Periods, the Target Company has consistently adopted accounting policies which conform with HKFRSs, amendments and the related interpretations, which are effective for the accounting period beginning on 1 January 2019 throughout the Relevant Periods except the following standards and amendments which have been adopted during the Relevant Periods at their respective effective dates as follows:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[1]
HKFRS 16	Leases[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019

The nature and the impact of the new and revised HKFRSs are described below:

HKFRS 9 — Financial Instruments

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 January 2018 has resulted in changes in accounting policies of the Target Group and the amounts recognised in the consolidated financial statements.

(i) Classification and measurement of financial assets and financial liabilities

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss ("FVTPL"), where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Target Group's accounting policies related to financial liabilities. The impact of HKFRS 9 on the Target Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("amortised costs"); (ii) financial assets at fair value through other comprehensive income ("FVOCI"); or (iii) FVTPL. The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet SPPI criterion.

A debt investment is measure at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is achieved by collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Target Group could irrecoverably elect to represent subsequent changes in the investment's fair value in other comprehensive income. The election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Target Group may irrecoverably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Target Group's financial assets:

FVTPL	FVTPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
Amortised cost	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.
FVOCI (debt instruments)	Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
FVOCI (equity instruments)	Equity investments at FVOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.

The following table summarises the original measurement categories under HKAS 39 and the new measurement outgoing under HKFRS 9 for each class of the Target Group's financial assets as at 1 January 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount as at 1 January 2018 under HKAS 39**	**Carrying amount as at 1 January 2018 under HKFRS 9**
			HK$'000	*HK$'000*
Deposits and other receivables	Loans and receivables	Amortised cost	1,091	1,091
Cash and bank balances	Loans and receivables	Amortised cost	1,509	1,509

The adoption of HKFRS 9 did not have a significant impact on the classification and measurement of the Target Group's financial assets. Deposits and other receivables and deposits are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Target Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under HKFRS 9. Therefore, reclassification for these instruments is not required. These financial assets continue to be measured at amortised cost and are subsequently measured using effective interest rate method.

The new requirement under HKFRS 9 affected the accounting for financial liabilities that are designated at FVTPL. There was no impact on the Target Group's accounting for financial liabilities as at 1 January 2018, as the Target Group did not have any financial liabilities designated at FVTPL as of the date. There was also no impact on the consolidated statements of financial position as at 31 December 2018 and 30 September 2019 and the consolidated statements of profit or loss or other comprehensive income and the consolidated statements of cash flows for the year ended 31 December 2018 and nine months ended 30 September 2019 as the fair value gains or losses on the financial liabilities designated at FVTPL did not arise from the Target Group's own credit risk.

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Target Group's impairment model by replacing the HKAS 39 ''incurred loss model'' to the ''expected credit losses (''ECLs'') model''. HKFRS 9 requires the Target Group to recognise ECLs for trade receivables and financial assets at amortised cost earlier than HKAS 39. Cash and cash equivalents are subject to ECLs model but the impairment was immaterial for the current year.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12-months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Target Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

For other debt financial assets, the ECLs are based on the 12-months ECLs. The 12-months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Target Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Target Group's historical experience and informed credit assessment and including forward-looking information.

The Target Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Target Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Target Group in full, without recourse by the Target Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due, unless the Target Group has reasonable and supportable information to demonstrate that a more lagging default criteria is more appropriate.

The Target Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Target Group in full, without recourse by the Target Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due, unless the Target Group has reasonable and supportable information to demonstrate that a more lagging default criteria is more appropriate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Target Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impact of the ECLs model

(i) Impairment of other financial assets at amortised cost

All the Target Group's deposits and other receivables are considered to have low credit risk since initial recognition, therefore the loss allowance was limited to 12-month ECLs. The identified impairment loss was immaterial.

(ii) Hedge accounting

Hedge accounting under HKFRS 9 has no impact on the Target Group as the Target Group does not apply hedge accounting in its hedging relationships.

(iii) Transition

The Target Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassification and the adjustments, if any, arising from the new ECLs rules are therefore not reflected in the consolidated statements of financial position as at 31 December 2016 and 2017, but are recognised in the statement of financial position on 1 January 2018. This mean that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2016 and 2017 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The following assessments have been made on basis of the facts and circumstances that existed at the date of initial application of HKFRS 9 (the "DIA"):

- The determination of the business model within which a financial asset is held; and
- The designation and revocation of previous designations of certain financial assets as measured at FVTPL; and
- The designation of certain investments in equity instruments not held for trading to be classified as at FVTPL.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-step model to account for revenue arising from contracts with customers.

Step 1:	Identify the contract(s) with a customer
Step 2:	Identify the performance obligations in the contract
Step 3:	Determine the transaction price
Step 4:	Allocate the transaction price to each performance obligations
Step 5:	Recognise revenue when each performance obligation is satisfied

Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring the control of goods or services to a customer.

The Target Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Target Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application (that is, 1 January 2018). As a result, the financial information presented for 2017 has not been restated.

The details of the nature and effect of the changes on application of HKFRS 15 are set out below:

Presentation of contract liabilities

Under HKFRS 15, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Target Group recognises the related revenue. For a single contract with the customer, a net contract liability is presented. For multiple contracts, contract liabilities of unrelated contracts are not presented on a net basis.

Previously, contract balances related to advance received from customers were presented in the consolidated statements of financial position under "Trade and other payables".

To reflect these changes in presentation, the Target Group has made the reclassification adjustment as at 1 January 2018. As a result of the adoption of HKFRS 15, deposits received and deferred income amounted to approximately HK$46,033,000 as at 1 January 2018 is now classified as contract liabilities.

The following tables summarised the impact of adopting HKFRS 15 on the Target Group's consolidated statements of financial position as at 31 December 2018 and 30 September 2019:

	Before adoption of HKFRS 15	Impact of adoption of HKFRS 15 as at 31 December 2018	As reported
	HK$'000	*HK$'000*	*HK$'000*
Trade and other payables	86,896	(65,697)	21,199
Contract liabilities	—	65,697	65,697

	Before adoption of HKFRS 15	Impact of adoption of HKFRS 15 as at 30 September 2019	As reported
	HK$'000	*HK$'000*	*HK$'000*
Trade and other payables	134,063	(92,160)	41,903
Contract liabilities	—	92,160	92,160

There was no material impact on the Target Group's consolidated statements of profit or loss and other comprehensive income and consolidated statements of cash flows for the year ended 31 December 2018 and nine months ended 30 September 2019.

Details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Target Group's various goods and services are set out below:

Product/service	Nature of the goods or services, satisfaction of performance obligations and payment terms	Nature of change in accounting policy and impact on 1 January 2018
Sales of hypercars and spare parts	Customers obtain control of the hypercars and spare parts when the goods are delivered to and have been accepted based on the contract terms. Revenue is recognised upon when the customers accepted the goods. There is generally only one performance obligation. Invoices are usually payable within 90–120 days.	Impact HKFRS 15 did not result in significant impact on the Target Group's accounting policies.
Distribution income	Income is recognised over time as the Target Group satisfies its performance obligation. There is generally only one performance obligation. Upfront payment is made customers.	Impact HKFRS 15 did not result in significant impact on the Target Group's accounting policies.

Amendments to HKFRS 15 — Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The adoption of these amendments has no impact on the financial statements for the years ended 31 December 2018 and 2019 as the Target Group had not previously adopted HKFRS 15.

HKFRS 16 — Leases

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases ("HKAS 17"), HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases-Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee's perspective, almost all leases are recognised in the statement of financial position as a right-of-use assets and a lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17.

The Target Group had not entered into any lease contracts as at 1 January 2019 and for the nine months ended 30 September 2019. Accordingly, the adoption of HKFRS 16 did not have impact on the Target Group's financial information.

(b) Issued but not yet effective Hong Kong Financial Reporting Standards

The following new/revised HKFRSs, potentially relevant to the Historical Financial Information, have been issued, but are not yet effective and have not been early adopted by the Target Group.

Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS[3]	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

[1] Effective for annual periods beginning on or after 1 January 2020
[2] Effective for business combinations where the acquisition date is on or after 1 January 2020
[3] The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

The Target Group has already commenced an assessment of the impact of these new/revised HKFRSs. The directors of the Target Company anticipate that the application of new/revised HKFRSs will have no material impact on the result and the financial position of the Target Group.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Target Company and its subsidiaries (the "Target Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of profit or loss and comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Target Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Target Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Target Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Target Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

When the Target Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

(b) Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Target Company. Control is achieved when the Target Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Target Group the current ability to direct the relevant activities of the investee).

When the Target Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Target Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) the contractual arrangement with the other vote holders of the investee;

(ii) rights arising from other contractual arrangements; and

(iii) the Target Company's voting rights and potential voting rights.

The results of subsidiaries are included in the Target Company's statements of profit or loss to the extent of dividends received and receivable. The Target Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are stated at cost less any impairment losses.

(c) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statements of financial position at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Leasehold land and buildings	50 years
Plant and machinery	5 years
Furniture and office equipment	3–5 years
Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between these parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

Construction in progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(d) Intangible assets (other than goodwill)

(i) Intangible assets acquired separately are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses.

Trademarks	Indefinite

(ii) Internally generated intangible assets (research and development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

— it is technically feasible to develop the product for it to be sold;

— adequate resources are available to complete the development;

— there is an intention to complete and sell the product;

— the Target Group is able to sell the product;

— sale of the product will generate future economic benefits; and

— expenditure on the project can be measured reliably.

Capitalised development costs are amortised on a straight-line basis over the periods (i.e. 7 years) the Target Group expects to benefit from selling the products developed. The amortisation expense is recognised in profit or loss.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss as incurred.

(e) Related parties

(a) A person or a close member of that person's family is related to the Target Group if that person:

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of key management personnel of the Target Group or a parent of the Target Company.

(b) An entity is related to the Target Group if any of the following conditions apply:

(i) The entity and the Target Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Target Group or an entity related to the Target Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to the Target Group's parent.

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) That person's children and spouse or domestic partner;

(ii) Children of that person's spouse or domestic partner; and

(iii) Dependents of that person or that person's spouse or domestic partner.

(f)A Leases (accounting policies applied from 1 January 2019)

A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Target Group has elected not to separate non-lease components and account for all each lease component and any associated non-lease components as a single lease component for all leases.

The Target Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Target Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Target Group applies the revaluation model, the Target Group measures the right-of-use assets applying a cost model. Under the cost model, the Target Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of an investment property, they are carried at fair value and for right-of-use asset that meets the definition of a leasehold land and buildings held for own use, they are carried at fair value.

For the Target Group, leasehold land and buildings which is held for own use would continue to be accounted for under HKAS 16 and would be carried at fair value.

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Target Group shall use the Target Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable: (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

Where the Target Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(g) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

— Property, plant and equipment

— Intangible assets

If any such indication exists, the asset's recoverable amount is estimated.

— Calculation of recoverable amount

The recoverable amount of an asset is the higher of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount.

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(h) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using specific method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(i)A Financial Instruments (accounting policies applied from 1 January 2018)

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Target Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Target Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Target Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through OCI. Debt investments at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Fair value through profit or loss ("FVTPL"): Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

(ii) Impairment loss on financial assets

The Target Group recognises loss allowances for expected credit loss ("ECL") on deposits and other receivables, amount due from an equity owner and amount due from a related party. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Target Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Target Group in accordance with the contract and all the cash flows that the Target Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

For other debt financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Target Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Target Group's historical experience and informed credit assessment and including forward-looking information.

The Target Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, unless the Target Group has reasonable and supportable information to demonstrate that a more lagging default criteria is more appropriate.

The Target Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Target Group in full, without recourse by the Target Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due, unless the Target Group has reasonable and supportable information to demonstrate that a more lagging default criteria is more appropriate.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Target Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise, except for the gains and losses arising from the Target Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the consolidated statement of profit or loss and other comprehensive income. The net fair value gain or loss recognised in the consolidated statement of profit or loss and other comprehensive income does not include any interest charged on these financial liabilities.

On initial recognition, the Target Group's convertible loan payable was designated at fair value through profit or loss.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, amount due to a director, amount due to an equity owner and shareholder's loan are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the Relevant Periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Derecognition

The Target Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(i)B Financial Instruments (accounting policies applied until 31 December 2017)

(i) Financial assets

The Target Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

(ii) Impairment loss on financial assets

The Target Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

— significant financial difficulty of the other debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— granting concession to a debtor because of debtor's financial difficulty;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

Loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

(iii) Financial liabilities

The Target Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

On initial recognition, the Target Group's convertible loan was designated at fair value through profit or loss.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, amount due to a director, amount due to an equity owner and shareholder's loan are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the Relevant Periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Derecognition

The Target Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(j) Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale when:

— they are available for immediate sale;

— management is committed to a plan to sell;

— it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;

— an active programme to locate a buyer has been initiated;

— the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and

— a sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

— their carrying amount immediately prior to being classified as held for sale in accordance with the Target Group's accounting policy; and

— fair value less costs to sell.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

The results of operations disposed of during the year are included in profit or loss up to the date of disposal.

(k) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(ii) Termination benefits

Termination benefits are recognised at the earlier of when the Target Group can no longer withdraw the offer of those benefits and when it recognised restructuring costs involving the payment of termination benefits.

(l) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Target Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Target Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

— the same taxable entity; or

— different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(m) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Target Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(n)A Revenue recognition (accounting policies applied from 1 January 2018)

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Target Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Target Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Target Group performs; or
- does not create an asset with an alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date.

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

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Target Group and the customer at contract inception./Where the contract contains a financing component which provides a significant financing benefit to the Target Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Further details of the Target Group's revenue and other income recognition policies are as follows:

(i) Revenue from sales of hypercars and spare parts is recognised when the customer takes possession of and accept the products;

(ii) Interest income from financial asset is recognised when it is probable that the economic benefits will flow to the Target Group and the amount can be measured reliably. Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition;

(iii) Distribution income is recognised as revenue on straight basis over the contract terms; and

(iv) Income arising from repairs and maintenance services is recognised as revenue when services are provided.

(n)B Revenue recognition (accounting policies applied until 31 December 2017)

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Target Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Revenue from sales of hypercars and spare parts is recognised on transfer of risks and rewards of ownership, which is at the time of delivery and the title is passed to customer;

(ii) Interest income is recognised as it accrues using the effective interest rate;

(iii) Distribution income and sponsorship income are recognised in profit or loss in equal instalments over the periods covered by contract terms; and

(iv) Income from repairs and maintenance services is recognised when services are provided.

(o) Contract liabilities (accounting policies applied from 1 January 2018)

A contract liability represents the Target Group's obligation to transfer goods or services to a customer for which the Target Group has received consideration (or an amount of consideration is due) from the customer.

For a single contract with the customer, a net contract liability is presented. For multiple contracts, contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(p) Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(q) Foreign currency

Transactions entered into by Target Group in currencies other than the currency of the primary economic environment in which it/they operate(s) (the ''functional currency'') are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Target Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to minority interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Target Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Target Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

(a) Research and development costs

Costs associated with research activities are expensed in profit or loss as they are incurred, while costs that are directly attributable to development activities are recognised as intangible assets provided they meet all the requirements. This requires the management to make judgements to distinguish the research phase and development phase of the projects being undertaken. Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development is the application of research, findings or other knowledge to a plan or design for the production of new or substantially improved materials devices, products, processes, systems or services before the start of commercial production or use. Determining the amounts to be expensed in profit or loss or to be capitalised required management to make judgement, and assumptions regarding the expected progress and outcome of the research and development activities the future expected cash generation of the assets, discount rates to be applied, and also the expected period of, probable future economic benefits.

(b) Useful lives and residue values of property, plant and equipment and intangible assets

Useful lives of the Target Group's property, plant and equipment and intangible assets with definite useful life are defined as the period over which they are expected to be available for use by the Target Group. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment and intangible assets of similar nature and functions. Management will increase the depreciation or amortisation charge where useful lives are less than previously estimated lives, and it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives; and actual residual values may differ from estimated residual values. Periodic review could result in a change in useful lives and residual values and therefore depreciation or amortisation expense in future periods.

(c) Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets with definite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The intangible assets with indefinite useful life are reviewed at least annually for impairment. The recoverable amounts are determined based on value-in-use calculations or market valuations. In determining the value in use, expected cash flows generated by the asset are discounted to their present values, which require significant judgement relating to items such as the level of turnover and the amount of operating costs. No impairment was provided during the year.

(d) Provision against obsolete and slow-moving inventories

The Target Group reviews an aged analysis of its inventories and the condition of its inventories at the end of each reporting period, and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use in the production. Management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions.

The provision against obsolete and slow-moving inventories requires the use of judgements and estimates. Where the actual outcome or expectation in the future is different from the original estimates, such differences will have an impact on the carrying value of inventories and the write-down of inventories recognised in the reporting period in which such estimate is changed.

(e) Income taxes

The Target Group is mainly subject to income taxes in Hong Kong and Germany. The Target Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provision accordingly. However, judgement is required in determining the Target Group's provision for income taxes as there are many transactions and calculations of which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

6. SEGMENT INFORMATION

For management purposes, the Target Group has only one reportable operating segment which is the design, development, manufacturing and sales of high performance hypercars and provision of related services under its owned brand "Apollo" internationally. Since this is the only one reportable operating segment of the Target Group, no further operating segment analysis thereof is presented.

(a) Geographical information

The Target Group's operations and non-current assets (the "Non-Current Assets") are mainly located in Hong Kong, Germany, Japan and United Kingdom. The following tables provide analysis of the Target Group's revenue and the Non-Current Assets by geographical area:

Revenue from external customers

	Year ended 31 December			Nine months ended 30 September	
	2016	**2017**	**2018**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Hong Kong	23,904	26,356	5,100	3,825	3,825
Germany	942	1,191	253	248	464
	24,846	27,547	5,353	4,073	4,289

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

(b) Non-Current Assets

	As at 31 December			As at 30 September
	2016	**2017**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	11,996	—	1,333	1,044
Germany	41,923	92,694	91,985	104,410
Japan	—	11,571	—	—
United Kingdom	—	11,996	11,996	11,996
	53,919	116,261	105,314	117,450

The Non-Current Asset information above is based on the location of the assets.

(c) Information about major customers

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

	Year ended 31 December			Nine months ended 30 September	
	2016	**2017**	**2018**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Customer A	6,000	N/A#	N/A#	N/A#	N/A#
Customer B	5,000	N/A#	N/A#	N/A#	N/A#
Customer C	4,697	N/A#	N/A#	N/A#	N/A#
Customer D	N/A#	15,248	N/A#	N/A#	N/A#
Customer E	N/A#	3,008	N/A#	N/A#	N/A#
Customer F	N/A#	3,000	N/A#	N/A#	N/A#
Customer G	N/A#	N/A#	2,500	1,875	1,875
Customer H	N/A#	N/A#	2,000	1,500	1,500

The corresponding revenue of these customers is not disclosed as they individually did not contribute 10% or more of the Target Group's total gross revenue for the relevant year/period.

7. REVENUE, OTHER INCOME AND GAINS

	Year ended 31 December			Nine months ended 30 September	
	2016	**2017**	**2018**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15					
Sales of hypercars	15,697	21,256	—	—	—
Sales of spare parts	—	1,191	253	248	464
Income from repair and maintenance services	1,321	—	—	—	—
Distribution income	5,100	5,100	5,100	3,825	3,825
Sponsorship income	2,667	—	—	—	—
	24,785	27,547	5,353	4,073	4,289
Revenue from other sources					
Others	61	—	—	—	—
	24,846	27,547	5,353	4,073	4,289

Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by primary geographical market and timing of revenue recognition.

	Year ended 31 December			Nine months ended 30 September	
	2016	**2017**	**2018**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Primary geographical markets					
Hong Kong	23,904	26,356	5,100	3,825	3,825
Germany	881	1,191	253	248	464
	24,785	27,547	5,353	4,073	4,289
Timing of revenue recognition					
At a point in time	17,018	22,447	253	248	464
Transferred over time	7,767	5,100	5,100	3,825	3,825
	24,785	27,547	5,353	4,073	4,289

As at 1 January 2018, 31 December 2018 and 30 September 2019, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Target Group's existing contracts were HK$46,033,000, HK$101,930,000 and HK$161,626,000 respectively. This amount represents revenue expected to be recognised in the future from completed contracts of sales of high performance hypercars and distribution contracts. The Target Group will recognise the expected revenue in future when or as the good is delivered.

The expected timing of recognition of revenue from the remaining performance obligations at the reporting dates is as follows:

	1 January 2018	**31 December 2018**	**30 September 2019**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	16,100	56,466	98,809
Two to five years	20,400	41,031	62,209
Over five years	9,533	4,433	608
	46,033	101,930	161,626

	Year ended 31 December			Nine months ended 30 September	
	2016	**2017**	**2018**	**2018**	**2019**
Other income and gains	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Interest income	620	—	—	—	—
Miscellaneous income	—	156	740	734	65
	620	156	740	734	65

8. PROFIT/(LOSS) BEFORE INCOME TAX

This is arrived at after charging:

	Year ended 31 December			Nine months ended 30 September	
	2016	**2017**	**2018**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Auditor's remuneration	38	85	106	6	117
Carrying amount of inventories	9,642	21,449	17	6	412
Write off of inventories	—	—	9,228	—	—
Cost of inventories recognised as expense	9,642	21,449	9,245	6	412
Amortisation of intangible assets	257	1,832	—	—	3,822
Write off of intangible assets	—	—	50,780	—	—
Depreciation of property, plant and equipment	1,971	1,000	1,132	837	1,269
Loss on disposal of property, plant and equipment	—	9	2,947	2,947	—
Operating lease charges in respect of leased premises	935	821	877	647	—
Research and development costs recognised as expenses	—	5,849	—	—	—
Director's remuneration *(Note 9)*	—	—	—	—	—
Staff costs (including director's remuneration)*:					
Salaries and bonuses	2,489	3,454	3,613	2,795	2,773
Contributions to defined contribution retirement plan	18	70	59	44	22
Other staff benefits	462	526	613	422	417
	2,969	4,050	4,285	3,261	3,212

* Staff costs capitalised in development costs are HK$2,221,000, HK$2,456,000, HK$2,705,000, HK$2,254,000 and HK$1,941,000 for the years ended 31 December 2016, 2017, 2018 and nine months ended 30 September 2018 and 2019 respectively.

9. DIRECTOR'S AND FIVE HIGHEST PAID INDIVIDUALS' REMUNERATION

(a) Director's emoluments

Years ended 31 December 2016, 2017, 2018 and nine months ended 30 September 2018 and 2019	Fees	Salaries and other benefits	Retirement benefit schemes contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Name of director				
Choi Sung Fung	—	—	—	—

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

During the Relevant Periods, no remuneration was paid by the Target Group to any director as an inducement to join or upon joining the Target Group or as compensation for loss of office.

(b) Five highest paid individuals

Emoluments payable to the remaining highest paid individuals during the Relevant Periods are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2016	2017	2018	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Salaries and bonuses	1,797	2,291	2,725	2,045	2,082
Contributions to defined contribution retirement plan	384	445	478	363	272
	2,181	2,736	3,203	2,408	2,354

Their emoluments were within the following bands:

	Number of employees				
	Year ended 31 December			Nine months ended 30 September	
	2016	2017	2018	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
HK$ Nil to HK$ 500,000	4	1	1	4	4
HK$ 500,001 to HK$1,000,000	1	4	4	1	1
	5	5	5	5	5

10. FINANCE COSTS

	Year ended 31 December			Nine months ended 30 September	
	2016	2017	2018	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Interest on shareholder's loan	—	7,813	11,359	9,471	4,427
Interest on other loan	—	1,164	1,397	1,022	1,401
Interest on convertible loan payable *(Note 22)*	583	—	2,451	—	228
	583	8,977	15,207	10,493	6,056
Less: Interests capitalised in development cost	—	(8,977)	(15,207)	(10,493)	(2,984)
	583	—	—	—	3,072

11. INCOME TAX EXPENSE

(a) Income tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

	Year ended 31 December			Nine months ended 30 September	
	2016	2017	2018	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Hong Kong profits tax					
— Current year	1,414	—	—	—	—
Overseas tax charges					
— Current year	—	—	82	30	55
	1,414	—	82	30	55

Provision for Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the Relevant Periods.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Target Group operates.

(b) Income tax expense for the year/period can be reconciled to the accounting profit/(loss) as follows:

	Year ended 31 December			Nine months ended 30 September	
	2016	**2017**	**2018**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Profit/(loss) before income tax	4,458	(14,388)	(78,571)	(7,329)	(15,382)
Income tax calculated at Hong Kong profits tax rate of 16.5%	736	(2,374)	(12,964)	(1,209)	(2,538)
Effect of different tax rates of subsidiaries operating in another jurisdiction	—	(42)	(303)	(228)	(358)
Tax effect of non-taxable income	(1,574)	(4,374)	(964)	(752)	(639)
Tax effect of non-deductible expenses	2,252	7,033	14,313	2,219	3,590
Utilisation of tax loss previously not recognised	—	(243)	—	—	—
Income tax expense	1,414	—	82	30	55

(c) The Target Group had no significant deferred tax assets or liabilities at the end of the Relevant Periods.

As at 31 December 2016, 2017, 2018 and 30 September 2019, the Target Group had estimated unused tax losses of approximately HK$257,000, HK$Nil, HK$Nil and HK$Nil respectively available for offset against future profits. The tax losses were subject to the final assessment by the tax authorities in the respective jurisdictions where the tax losses arising from. No deferred tax asset has been recognised in respect of the estimated unused tax losses due to the unpredictability of future profit streams. The tax losses may be carried back one year and carried forward indefinitely.

12. DIVIDENDS

No dividend was declared nor paid during the Relevant Periods.

13. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress *HK$'000*	Leasehold lands and buildings *HK$'000*	Plant and machinery *HK$'000*	Furniture and office equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Cost:						
At 1 January 2016	781	31,195	28	175	24	32,203
Additions	183	167	1,353	4,070	171	5,944
Transfer	(964)	—	—	964	—	—
Transfer to assets classified as held for sale *(Note 19)*	—	(31,362)	—	—	—	(31,362)
Exchange realignment	—	—	(61)	(8)	(9)	(78)
At 31 December 2016 and 1 January 2017	—	—	1,320	5,201	186	6,707
Additions	—	—	360	37	516	913
Disposals	—	—	(5)	(32)	—	(37)
Transfer from assets classified as held for sale *(Note 19)*	—	31,362	—	—	—	31,362
Exchange realignment	—	—	220	55	56	331
At 31 December 2017 and 1 January 2018	—	31,362	1,895	5,261	758	39,276
Additions	—	—	13	107	1,859	1,979
Disposal	—	(12,116)	—	—	(183)	(12,299)
Exchange realignment	—	—	(82)	(13)	(38)	(133)
At 31 December 2018 and 1 January 2019	—	19,246	1,826	5,355	2,396	28,823
Additions	—	—	5,156	163	—	5,319
Exchange realignment	—	—	(2)	(3)	(12)	(17)
At 30 September 2019	—	19,246	6,980	5,515	2,384	34,125

	Construction in progress *HK$'000*	Leasehold lands and buildings *HK$'000*	Plant and machinery *HK$'000*	Furniture and office equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
Accumulated depreciation:						
At 1 January 2016	—	251	—	10	2	263
Charge for the year	—	640	236	1,067	28	1,971
Transfer to assets classified as held for sale *(Note 19)*	—	(891)	—	—	—	(891)
Exchange realignment	—	—	(11)	(4)	(2)	(17)
At 31 December 2016 and 1 January 2017	—	—	225	1,073	28	1,326
Transfer from assets classified as held for sale *(Note 19)*	—	891	—	—	—	891
Charge for the year	—	625	205	62	108	1,000
Written-off on disposal	—	—	—	(18)	—	(18)
Exchange realignment	—	—	261	13	7	281
At 31 December 2017 and 1 January 2018	—	1,516	691	1,130	143	3,480
Charge for the year	—	502	233	59	338	1,132
Disposal	—	(666)	—	—	(62)	(728)
Exchange realignment	—	—	(22)	(7)	(9)	(38)
At 31 December 2018 and 1 January 2019	—	1,352	902	1,182	410	3,846
Charge for the period	—	286	535	55	393	1,269
Exchange realignment	—	—	(6)	(1)	(1)	(8)
At 30 September 2019	—	1,638	1,431	1,236	802	5,107
Net book value:						
At 30 September 2019	—	17,608	5,549	4,279	1,582	29,018
At 31 December 2018	—	17,894	924	4,173	1,986	24,977
At 31 December 2017	—	29,846	1,204	4,131	615	35,796
At 31 December 2016	—	—	1,095	4,128	158	5,381

14. INTANGIBLE ASSETS

The Target Group	Trademarks	Capitalised development costs	Total
	HK$'000	*HK$'000*	*HK$'000*
Cost:			
At 1 January 2016	11,996	7,554	19,550
Additions	—	30,663	30,663
Exchange realignment	—	(1,418)	(1,418)
At 31 December 2016 and 1 January 2017	11,996	36,799	48,795
Additions	—	26,136	26,136
Exchange realignment	—	7,378	7,378
At 31 December 2017 and 1 January 2018	11,996	70,313	82,309
Additions	—	54,633	54,633
Write-off	—	(52,624)	(52,624)
Exchange realignment	—	(3,981)	(3,981)
At 31 December 2018 and 1 January 2019	11,996	68,341	80,337
Additions	—	13,201	13,201
Exchange realignment	—	(1,220)	(1,220)
At 30 September 2019	11,996	80,322	92,318
Amortisation and impairment:			
At 1 January 2016	—	—	—
Charge for the year	—	257	257
At 31 December 2016 and 1 January 2017	—	257	257
Charge for the year	—	1,832	1,832
Exchange realignment	—	(245)	(245)
At 31 December 2017 and 1 January 2018	—	1,844	1,844
Write-off	—	(1,844)	(1,844)
At 31 December 2018 and 1 January 2019	—	—	—
Charge for the year	—	3,822	3,822
Exchange realignment	—	64	64
At 30 September 2019	—	3,886	3,886
Carrying amount:			
At 30 September 2019	11,996	76,436	88,432
At 31 December 2018	11,996	68,341	80,337
At 31 December 2017	11,996	68,469	80,465
At 31 December 2016	11,996	36,542	48,538

The useful lives of trademarks are estimated by senior management to be indefinite as the trademarks are renewable at insignificant cost at the option of the Target Group. Details of impairment assessment of trademarks are set out in Note 15.

The Target Company	**Trademarks**	**Capitalised development costs**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Cost and carrying amount			
At 1 January 2016, 31 December 2016 and 1 January 2017	11,996	—	11,996
Additions	—	8,271	8,271
Disposal	(11,996)	—	(11,996)
Write-off	—	(8,271)	(8,271)
At 31 December 2017, 31 December 2018 and 30 September 2019	—	—	—

15. IMPAIRMENT TESTING OF INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Trademarks with indefinite useful lives have been allocated to the only cash-generating unit of the Target Group, i.e. sales of high performance hypercars and provision of related services.

The recoverable amount of the cash-generating unit has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. Management adopted a growth rate of 3% by reference to past experience and external sources of information. The discount rate applied to the cash flow projections is 12%. The growth rate used to extrapolate the cash flows of the cash-generating unit beyond the five-year period is 3% which was the same as the long term average growth rate of the industry.

At 31 December 2016, 2017 and 2018 and 30 September 2019, the value in use of the cash-generating unit exceeded its carrying amount, and hence the trademarks allocated to this cash-generating unit were not regarded as impaired.

Assumptions were used in the value-in-use calculation of the cash-generating unit as at 31 December 2016, 2017 and 2018 and 30 September 2019. The following describes each key assumption on which management has based its cash flow projections to undertake the above impairment testing:

Budgeted gross margins — The basis used to determine the value assigned to the budgeted gross margins is the average gross margin achieved in the year immediately before the budget year, increased for expected efficiency improvement, and expected market development.

Discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant unit.

Growth rate — Rate is based on published industrial research.

16. INVENTORIES

The Target Group

	As at 31 December			As at 30 September
	2016	**2017**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Raw materials	1,177	3,801	5,740	14,302
Work-in-progress	7,955	9,180	—	7,338
Finished goods	17,000	12,500	12,500	12,500
	26,132	25,481	18,240	34,140

The Target Company

	As at 31 December			As at 30 September
	2016	**2017**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Finished goods	8,000	8,000	8,000	8,000

17. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

The Target Group

	As at 31 December			As at 30 September
	2016	**2017**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deposits	24	24	50	50
Prepayments	69	223	222	420
Other receivables	2,039	1,067	368	1,707
	2,132	1,314	640	2,177

The maximum exposure to credit risk at the reporting dates is the carrying amounts of each class of receivables mentioned above. The Target Group does not hold any collateral as security.

18. AMOUNTS DUE FROM/TO AN EQUITY OWNER/A RELATED PARTY/A DIRECTOR AND SHAREHOLDER'S LOAN

Amounts due from/to the equity owner as at 31 December 2016 were unsecured, interest-free and repayable on demand. The maximum exposure to credit risk of the amount due from the equity owner as at 31 December 2016 is the carrying amount of the asset. The Target Group does not hold any collateral as security.

Shareholder's loan as at 31 December 2017 and 2018 and 30 September 2019 represented a loan which was unsecured and repayable on demand. It was interest bearing at 18% per annum for the years ended 31 December 2017 and 2018 and the nine months ended 30 September 2019.

Amount due from a related party as at 31 December 2016, 2017 and 2018 and 30 September 2019 was non-trade in nature, unsecured, interest-free and repayable on demand. The amount was due from De Tomaso Automobil Limited, in which the director of the Target Company, Mr. Choi Sung Fung, has beneficial interest. The maximum amount outstanding during the years ended 31 December 2016, 2017 and 2018 and the nine months ended 30 September 2019 are Nil, Nil, HK$2,653,000 and HK$4,105,000 respectively. The maximum exposure to credit risk at the reporting dates is the carrying amounts of the asset. The Target Group does not hold any collateral as security. Subsequent to the end of the Relevant Periods, the amount has been fully settled.

Amount due to a director as at 31 December 2016, 2017 and 2018 and 30 September 2019 was unsecured, interest-free and repayable on demand.

19. ASSETS CLASSIFIED AS HELD FOR SALE

During the year ended 31 December 2016, the Target Group entered into a sale and purchase agreement with the ultimate holding company, Ideal Team, for (i) the disposal of leasehold land and buildings in Japan at carrying amount of HK$11,814,000 for consideration of HK$11,814,000; and (ii) the disposal of leasehold land and buildings in Germany at carrying amount of HK$18,657,000 for consideration of HK$18,657,000. As at 31 December 2016, the disposal had not been completed and accordingly the leasehold lands and buildings with an aggregate carrying amount of HK$30,471,000 are transferred to assets classified as held for sale under current assets. The arrangement was a related party transaction.

During the year ended 31 December 2017, as a result of certain unexpected conditions imposed by Ideal Team, the disposal of the leasehold lands and buildings in Japan and Germany was cancelled. Accordingly, the leasehold lands and buildings in the aggregate amount of HK$30,471,000 was reclassified from assets held for sale to property, plant and equipment in accordance with HKFRS 5.

20. TRADE AND OTHER PAYABLES

The Target Group

		As at 31 December			As at 30 September
		2016	2017	2018	2019
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	*(a)*	3,267	2,175	2,578	6,128
Other payables	*(b)*	7,800	7,636	18,621	35,775
Deposits received		11,000	11,000	—	—
Deferred income		5,100	5,100	—	—
Classified under current liabilities		27,167	25,911	21,199	41,903
Deferred income under non-current liabilities		35,033	29,933	—	—

The Target Company

	As at 31 December			As at 30 September
	2016	2017	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deferred income	5,100	5,100	—	—
Deposits received	3,000	3,000	—	—
Other payables	698	969	969	21,231
Classified under current liabilities	8,798	9,069	969	21,231
Deferred income under non-current liabilities	35,033	29,933	—	—

(a) Average credit period granted to the Target Group is 60 to 90 days. Aging analysis of trade payables based on the invoice date (or date of cost recognition, if earlier) as of the end of the Relevant Periods is as follows:

	As at 31 December			As at 30 September
	2016	2017	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0–30 days	1,110	162	723	5,606
31–90 days	2,157	2,013	1,855	522
	3,267	2,175	2,578	6,128

(b) As at 31 December 2017 and 2018 and 30 September 2019, included in other payables was a loan from an independent third party with principal amount of HK$5,952,000 ("Loan A"), which is unsecured and repayable on demand. Loan A is interest bearing at 18% per annum for the years ended 31 December 2017 and 2018 and the nine months ended 30 September 2019.

As at 30 September 2019, included in other payables were two other loans from another independent third party with principal amounts of EUR600,000 (equivalent to approximately HK$5,453,000) ("Loan B") and HK$20,000,000 ("Loan C") respectively. Loan B is unsecured, interest bearing at 8% per annum and repayable on demand. Loan C is unsecured, interest bearing at HIBOR+5% per annum and repayable on demand.

21. CONTRACT LIABILITIES

The Target Group

	Notes	1 January 2018 HK$'000	31 December 2018 HK$'000	30 September 2019 HK$'000
Non-current				
Contract liabilities arising from				
Distribution contracts	*(a)*	29,933	24,833	21,008
Current				
Contract liabilities arising from				
Sales of hypercars	*(b)*	11,000	35,764	66,052
Distribution contracts	*(a)*	5,100	5,100	5,100
		16,100	40,864	71,152

Notes:

(a) The amount represents unrecognised revenue in respect of payments received in advance for the rights of distribution in future periods.

(b) The amount represents deposits received in respect of the sales of high performance hypercars.

Typical payment terms which impact the amount of contract liabilities are as follows:

Sales of hypercars

The receipts in advance received from the customers remains as a contract liability until the goods have been transferred and accepted by the customer.

Distribution contracts

Upfront payment is made by customers, such receipts in advance remain as contract liabilities until the performance obligations are satisfied.

	Year ended 31 December 2018	Nine months ended 30 September 2019
	HK$'000	*HK$'000*
Balance as at beginning of year/period	46,033	65,697
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year/period	(5,100)	(3,825)
Increase in contract liabilities as a result of received receipts in advance from the customers that the goods have not yet transferred and not yet accepted by the customer	24,764	30,288
Balance as at end of year/period	65,697	92,160

The Target Company

	1 January 2018	31 December 2018	30 September 2019
	HK$'000	*HK$'000*	*HK$'000*
Non-current			
Contract liabilities arising from			
Distribution contracts	29,933	24,833	21,008
Current			
Contract liabilities arising from			
Sales of hypercars	3,000	3,000	3,000
Distribution contracts	5,100	5,100	5,100
	8,100	8,100	8,100

	Year ended 31 December 2018	Nine months ended 30 September 2019
	HK$'000	*HK$'000*
Balance as at beginning of year/period	38,033	32,933
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year/period	(5,100)	(3,825)
Balance as at end of year/period	32,933	29,108

22. CONVERTIBLE LOAN PAYABLE

During the year ended 31 December 2015, the Target Company issued a convertible loan to an independent third party with principal amount of HK$28,000,000 (the "Convertible Loan A"). The Convertible Loan A bore zero coupon interest and has maturity date of 24 months from date of issue (the "Maturity Date A") with a right granted to the holder of the Convertible Loan A to convert 1.65% of the entire issued and paid-up capital of the Target Company on the date of issue for the period from the date of the issue of the Convertible Loan A to the fifth business day prior to the Maturity Date A. If the Convertible Loan A had not previously been converted into issued and paid-up capital of the Target Company, the Target Company shall, on the Maturity Date A, redeem all principal amount of the Convertible Loan A at a redemption price equal to 110% of the principal amount of the Convertible Loan A.

The director of the Target Company designated the Convertible Loan A as at fair value through profit or loss.

As at issue date, the fair value of the Convertible Loan A was determined by the director of the Target Company with reference to the valuation performed by Consulting Group Limited ("CGL"), an independent firm of professionally qualified valuers, at HK$28,000,000.

During the year ended 31 December 2016, the Convertible Loan A was fully converted into shares of the Target Company. The conversion gave rise to the issue of 117 shares, which represented 1.65% of the issued and paid-up capital of the Target Company on the issue date of the Convertible Loan A, of US$1 each of the Target Company.

During the year ended 31 December 2016 and immediately prior to the conversion, interest expense of HK$583,000 (Note 10) was recognised in profit or loss. Immediately prior to the conversion, the fair value of the Convertible Loan A was determined by the director of the Target Company with reference to the valuation performed by CGL, at HK$28,000,000. Accordingly, a gain on change in fair value of HK$583,000 was recognised in profit or loss during the year ended 31 December 2016.

On conversion date, the fair value of Convertible Loan A was estimated at HK$28,000,000, which was derecognised from Convertible Loan A with HK$901,000 was credited to share capital and the remaining HK$27,099,000 was credited to share premium account.

During the year ended 31 December 2018, the Target Company issued a convertible loan to Ideal Team with principal amount of HK$55,232,000 (the "Convertible Loan B"), which carries interest at 18% per annum payable annually, matures in 36 months from the date of issue (the "Maturity Date B"), with a right granted to the holder of the Convertible Loan B to convert to shares of the Target Company. The issuance of the Convertible Loan B is a related party transaction.

The director of the Target Company designated the Convertible Loan B as at fair value through profit or loss.

As at issue date, the fair value of the Convertible Loan B was determined by the director of the Target Company with reference to the valuation performed by Greater China Appraisal Limited ("GCA"), an independent firm of professionally qualified valuers, at HK$55,232,000.

As at 31 December 2018, the fair value of the Convertible Loan B was HK$64,532,000. A loss from change in fair value of approximately HK$9,300,000 was recognised in profit or loss for the year ended 31 December 2018. In January 2019, the Convertible Loan B was fully converted into 16,039 shares of US$1 each of the Target Company.

During the year ended 31 December 2018, interest expense of HK$2,451,000 (Note 10) was capitalised in development cost. During the nine months ended 30 September 2019 and immediately prior to the conversion, interest expense of HK$228,000 (Note 10) was capitalised in development cost.

On conversion date, the fair value of Convertible Loan B was estimated at HK$64,532,000, which was derecognised from Convertible Loan B with HK$126,000 credited to share capital and the remaining HK$64,406,000 credited to share premium account.

23. SHARE CAPITAL AND RESERVES

(a) Share capital

The Target Company	As at 31 December 2016	2017	2018	As at 30 September 2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Authorised capital				
50,000 ordinary shares with par value of US$1 each	388	388	388	388
Issued and fully paid				
At beginning of the period/year	55	956	956	956
Conversion of convertible loan *(Note 22)*	901	—	—	126
At end of the year/period	956	956	956	1,082

	As at 31 December 2016	2017	2018	As at 30 September 2019
	Number	*Number*	*Number*	*Number*
Authorised capital				
50,000 ordinary shares with par value of US$1 each	50,000	50,000	50,000	50,000
Issued and fully paid				
At beginning of the period/year	7,143	7,260	7,260	7,260
Conversion of convertible loan *(Note 22)*	117	—	—	16,039
At end of the year/period	7,260	7,260	7,260	23,299

(b) Reserves

The reconciliation between the opening and closing balances of each component of the Target Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Target Company's individual components of equity between the beginning and the end of the year are set out below:

The Target Company	**Share premium** *HK$'000*	**Retained earnings** *HK$'000*	**Total** *HK$'000*
At 1 January 2016	—	10,154	10,154
Profit and total comprehensive income for the year	—	1,164	1,164
Conversion of convertible loan *(Note 22)*	27,099	—	27,099
At 31 December 2016 and 1 January 2017	27,099	11,318	38,417
Profit and total comprehensive income for the year	—	(10,635)	(10,635)
At 31 December 2017 and 1 January 2018	27,099	683	27,782
Profit and total comprehensive income for the year	—	(4,200)	(4,200)
At 31 December 2018 and 1 January 2019	27,099	(3,517)	23,582
Profit and total comprehensive income for the year	—	3,641	3,641
Conversion of convertible loan *(Note 22)*	64,406	—	64,406
At 30 September 2019	91,505	124	91,629

(c) The following describes the nature and purpose of each reserve within owner's equity

Share premium account

Balance arising from premium of consideration over the par value of shares issued.

Foreign exchange reserve

Gains/losses arising on retranslating the net assets of foreign operations into presentation currency.

24. RELATED PARTY DISCLOSURES

Saved for disclosed elsewhere in the Historical Financial Information, the Target Group has not entered into other material related party transactions during the Relevant Periods.

25. OPERATING LEASES COMMITMENTS

The Target Group as lessee

At the end of each of the Relevant Periods, the Target Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	As at 31 December			As at 30 September
	2016	**2017**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	36	49	18	—

The Target Group leases properties under operating leases with fixed rentals. According to the relevant operating lease agreements, the Target Group is eligible to early terminate the operating lease agreement by providing a notice of 1 month. In the opinion of the director of the Target Company, the Target Group has no intention to early terminate the operating lease agreement in the foreseeable future.

26. CONTINGENT LIABILITIES

At 31 December 2016, 2017 and 2018 and 30 September 2019, the Target Group did not have any contingent liabilities.

27. CAPITAL RISK MANAGEMENT

The Target Group's objective of managing capital is to safeguard the Target Group's ability to continue as a going concern in order to provide returns for equity owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Target Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher returns to equity owners that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Target Group monitors capital using a gearing ratio, which is calculated by dividing the net debts by total equity.

The gearing ratios at the end of reporting periods were as follows:

	As at 31 December			As at 30 September
	2016	2017	2018	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other loans included in trade and other payables	—	7,116	8,513	35,225
Shareholder's loan	—	71,778	37,881	43,934
Convertible loan payable	—	—	64,532	—
Debt	—	78,894	110,926	79,159
Less: cash and bank balances	N/A	(1,509)	(2,990)	(10,193)
Net Debt	N/A	77,385	107,936	68,966
Equity/(capital deficiency)	30,808	13,913	(63,511)	(14,035)
Debt to equity ratio	N/A	567%	N/A	N/A
Net debt to equity ratio	N/A	556%	N/A	N/A

28. FINANCIAL RISK MANAGEMENT

The Target Group's financial instruments are disclosed in Note 29(c). The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Credit risk

The credit risk on cash and cash equivalents is limited because the counterparties are banks with good reputation. For other receivables, management has a credit policy in place and the exposure to this credit risk is monitored on an ongoing basis.

The Target Group

The Target Group has adopted general approach to measure ECLs on deposits and other receivables and amount due from an equity owner. Under the general approach, the Target Group applies the "3-stage" impairment model for ECLs measurement based on change in credit risk since initial recognition as follows:

— Stage 1: If the credit risk of the financial instrument has not increased significantly since initial recognition, the financial instrument is included in Stage 1.

— Stage 2: If the credit risk of the financial instrument has increased significantly since its initial recognition but is not deemed to be credit-impaired, the financial instrument is included in Stage 2.

— Stage 3: If the financial instrument is credit-impaired, the financial instrument is included in Stage 3.

The ECLs for financial instruments in Stage 1 are measured at an amount equivalent to 12-month ECLs whereas the ECLs for financial instruments in Stage 2 or Stage 3 are measured at an amount equivalent to lifetime ECLs.

When determining whether the risk of default has increased significantly since initial recognition, the Target Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Target Group's historical experience and informed credit risk assessment and including forward-looking information.

At the end of each reporting period, the Target Group assesses whether a financial asset is credit-impaired. The Target Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Target Group in full, without recourse by the Target Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due, unless the Target Group has reasonable and supportable information to demonstrate that a more lagging default criteria is more appropriate.

The measurement of ECLs is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure of default. The assessment of the probability of default and loss given default is based on historical data and adjusted for forward-looking information through the use of industry trend and experienced credit judgment to reflect the qualitative factors, and through the use of multiple probability-weighted scenarios.

The Target Group has assessed that cash and bank balances and deposits and other receivables as at 1 January 2018, 31 December 2018 and 30 September 2019 do not have a significant increase in credit risk since initial recognition and risk of default is insignificant, therefore the ECLs for these receivables were immaterial under the 12-month ECLs method and no loss allowance provision was recognised.

As at 31 December 2018 and 30 September 2019, the Target Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Target Group defines counterparties as having similar characteristics if they are related entities.

The Target Group has no significant concentration of credit risk.

The Target Company

The Target Company has adopted general approach to measure ECLs on amount due from a subsidiary. Under the general approach, the Target Company applies the "3-stage" impairment model for ECLs measurement based on change in credit risk since initial recognition as follows:

— Stage 1: If the credit risk of the financial instrument has not increased significantly since initial recognition, the financial instrument is included in Stage 1.

— Stage 2: If the credit risk of the financial instrument has increased significantly since its initial recognition but is not deemed to be credit-impaired, the financial instrument is included in Stage 2.

— Stage 3: If the financial instrument is credit-impaired, the financial instrument is included in Stage 3.

The ECLs for financial instruments in Stage 1 are measured at an amount equivalent to 12-month ECLs whereas the ECLs for financial instruments in Stage 2 or Stage 3 are measured at an amount equivalent to lifetime ECLs.

When determining whether the risk of default has increased significantly since initial recognition, the Target Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Target Company's historical experience and informed credit risk assessment and including forward-looking information.

At the end of each reporting period, the Target Company assesses whether a financial asset is credit-impaired. The Target Company considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Target Company in full, without recourse by the Target Company to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due, unless the Target Company has reasonable and supportable information to demonstrate that a more lagging default criteria is more appropriate.

The measurement of ECLs is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure of default. The assessment of the probability of default and loss given default is based on historical data and adjusted for forward-looking information through the use of industry trend and experienced credit judgment to reflect the qualitative factors, and through the use of multiple probability-weighted scenarios.

The Target Company has assessed that amount due from a subsidiary as at 1 January 2018, 31 December 2018 and 30 September 2019 do not have a significant increase in credit risk since initial recognition and risk of default is insignificant, therefore the ECLs for these receivables were immaterial under the 12-month ECLs method and no loss allowance provision was recognised.

As at 31 December 2018 and 30 September 2019, the Target Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Target Company defines counterparties as having similar characteristics if they are related entities.

The Target Company has no significant concentration of credit risk.

(b) Liquidity risk

The Target Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of each reporting period of the Target Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating, based on rates current at the end of each reporting period) and the earliest date the Target Group can be required to pay:

	Carrying amount	**Total contractual undiscounted cash flows**	**Within 1 year or on demand**	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2016					
Trade and other payables	11,067	11,067	11,067	—	—
Amount due to an equity owner	45,973	45,973	45,973	—	—
	57,040	57,040	57,040	—	—

	Carrying amount	**Total contractual undiscounted cash flows**	**Within 1 year or on demand**	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2017					
Trade and other payables	9,811	9,811	9,811	—	—
Amount due to a director	1,273	1,273	1,273	—	—
Shareholder's loan	71,778	71,778	71,778	—	—
	82,862	82,862	82,862	—	—

	Carrying amount	**Total contractual undiscounted cash flows**	**Within 1 year or on demand**	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2018					
Trade and other payables	21,199	21,199	21,199	—	—
Amount due to a director	2,942	2,942	2,942	—	—
Shareholder's loan	37,881	37,881	37,881	—	—
Convertible loan payable	64,532	64,532	—	—	64,532
	126,554	126,554	62,022	—	64,532

	Carrying amount	**Total contractual undiscounted cash flows**	**Within 1 year or on demand**	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 30 September 2019					
Trade and other payables	41,903	41,903	41,903	—	—
Amount due to a director	2,911	2,911	2,911	—	—
Shareholder's loan	43,934	43,934	43,934	—	—
	88,748	88,748	88,748	—	—

(c) Foreign currency risk

The Target Group is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily HK$.

The following tables demonstrates the sensitivity as at the end of the Relevant Periods to a reasonably possible change in the exchange rate, with all other variables held constant, of the Target Group's profit/(loss) before income tax (due to changes in the fair value of monetary assets and liabilities).

At 31 December 2016	**Increase/(decrease) in foreign currency exchange rate**	**Increase/(decrease) in profit before income tax**
	%	*HK$'000*
If HK$ strengthens against Euro	5	(1,310)
If HK$ weakens against Euro	(5)	1,310

At 31 December 2017	**Increase/(decrease) in foreign currency exchange rate**	**Increase/(decrease) in loss before income tax**
	%	*HK$'000*
If HK$ strengthens against Euro	5	3,997
If HK$ weakens against Euro	(5)	(3,997)

At 31 December 2018	**Increase/(decrease) in foreign currency exchange rate**	**Increase/(decrease) in loss before income tax**
	%	*HK$'000*
If HK$ strengthens against Euro	5	2,418
If HK$ weakens against Euro	(5)	(2,418)

At 30 September 2019	**Increase/(decrease) in foreign currency exchange rate**	**Increase/(decrease) in loss before income tax**
	%	*HK$'000*
If HK$ strengthens against Euro	5	3,476
If HK$ weakens against Euro	(5)	(3,476)

(d) Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rate.

The directors consider the Target Company's interest rate risk to be minimal as at 31 December 2016, 2017 and 2018 and no sensitivity analysis has been prepared.

As at 30 September 2019, the Target Group's interest rate risk relates primarily to the Target Group's floating-rate borrowings (Note 20(b))

Management closely monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. It is the Target Group's policy to keep its borrowings at floating rate of interest so as to minimise the interest rate risk.

At 30 September 2019, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Target Group's loss for the period and the accumulated losses by approximately HK$11,000.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

29. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

(a) Financial instrument measured at fair value

The following table presents the fair value of the Target Group's financial instrument measured at the end of each of the Relevant Periods on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations:	Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
Level 2 valuations:	Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
Level 3 valuations:	Fair value measured using significant unobservable inputs.

The following table presents the Target Group's financial instrument that is measured at fair value at 31 December 2018:

The Target Group

	As at 31 December 2018		
	Level 1	**Level 2**	**Level 3**
	HK$'000	*HK$'000*	*HK$'000*
Recurring fair value measurements:			
Financial liabilities at fair value through profit or loss:			
Convertible loan payable	—	—	64,532

As at 31 December 2016, 2017 and 30 September 2019, the Target Group had no financial instrument that is measured at fair value.

During the years ended 31 December 2016, 2017 and 2018 and nine months ended 30 September 2019, there were no transfers between instruments in Level 1 and Level 2, or transfers into or out of Level 3.

As at 31 December 2018, the fair value of the Convertible Loan B was a Level 3 fair value measurement and was determined by the director of the Target Company, with reference to the valuation performed by GCA using mixed discount rate model. Key parameters used in the valuation is as follows:

	As at 31 December 2018
Discount rates	2.28% to 14.71%
Volatility	38.56%
Time to maturity	2.76 years

Mixed discount rates were adopted in the valuation considering all possible outcomes. If a single rate of 2.28% is used, the fair value of the Convertible Loan B would increase by 2.6%. If a single rate of 8.49% is used, the fair value of the Convertible Loan B would increase by 2.6%.

The movements of convertible loan payable during each of the Relevant Periods in the balance of Level 3 fair value measurements are as follows:

	Year ended 31 December			**Nine months ended 30 September**	
Convertible Loan payable	**2016**	**2017**	**2018**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
At beginning of the year/period	28,000	—	—	—	64,532
Issue of convertible loan	—	—	55,232	—	—
Interest expense	583	—	2,451	—	228
Interest paid	—	—	(2,451)	—	(228)
Fair value change recognised in profit or loss	(583)	—	9,300	—	—
Conversion	(28,000)	—	—	—	(64,532)
At end of the year/period	—	—	64,532	—	—

(b) Financial instruments not measured at fair value

Financial instruments not measured at fair value include deposits and other receivables, amount due from an equity owner, amount due from a related party, cash and bank balances, trade and other payables, amount due to a director, amount due to an equity owner and shareholder's loan.

Due to their short term nature, their carrying values approximate their fair values.

(c) Summary of financial assets and liabilities by categories

	As at 31 December			As at 30 September
	2016	**2017**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets				
Financial assets measured at amortised cost/loans and receivables:				
Deposits and other receivables	2,063	1,091	418	1,757
Amount due from an equity owner	26,711	—	—	—
Amount due from a related party	—	—	2,653	4,105
Cash and bank balances	1,818	1,509	2,990	10,193
	30,592	2,600	6,061	16,055
Financial liabilities				
Financial liabilities measured at amortised cost:				
Trade and other payables	11,067	9,811	21,199	41,903
Amount due to a director	—	1,273	2,942	2,911
Amount due to an equity owner	45,973	—	—	—
Shareholder's loan	—	71,778	37,881	43,934
Financial liabilities measured at fair value through profit or loss:				
Convertible loan payable	—	—	64,532	—
	57,040	82,862	126,554	88,748

30. INVESTMENTS IN SUBSIDIARIES

As at the date of this report, the particulars of the subsidiaries in which the Target Company has direct or indirect interests are set out as follows:

Name of company	Form of business structure	Place of incorporation/ operation	Issued/ registered capital	Effective interest held by the Target Company	Principal activities
Apollo Automobil Limited	Limited liability company	Hong Kong	HK$10,000	100%	Sale of high performance cars
Apollo Automobil GmbH	Limited liability foreign-owned enterprise	Germany	EUR25,000	100%*	Design, development, manufacturing of high performance hypercars
Apollo Automobile Limited	Limited liability company	England and Wales	GBP100	100%#	Holder of trademark
Apollo Automobil Japan Co. Limited	Limited liability foreign-owned enterprise	Japan	Yen5,625	100%	Dormant
Winner Advance Limited	Limited liability company	Hong Kong	HK$1	100%	Holder of Vehicles
Shine Billion Limited	Limited liability company	Hong Kong	HK$1	100%	Holder of Vehicles

* As at 31 December 2016, the Target Group held 80% equity interest in this company. During the year ended 31 December 2017, the Target Group acquired the remaining 20% interest in this company at the consideration of EUR100,000.

During the year ended 31 December 2016, the Target Company acquired the entire issued share capital of this company from the ultimate holding company at the consideration of GBP100.

The amount due from a subsidiary is unsecured, interest-free and repayable on demand.

31. NOTE SUPPORTING THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities:

	Other loans included in trade and other payables *HK$'000*	**Amount due to an equity owner/ shareholder's loan** *HK$'000*	**Convertible loan payable** *HK$'000*
As at 1 January 2016	—	16,195	—
Changes from financing cash flows:			
Fund transfer	—	17,407	—
Other changes:			
Offset with amount due from an equity owner	—	12,371	—
As at 31 December 2016 and 1 January 2017	—	45,973	—
Changes from financing cash flows:			
Fund transfer	—	44,703	—
Other changes:			
Transfer from other payables	5,952	—	—
Interest	1,164	7,813	—
Offset with amount due from an equity owner	—	(26,711)	—
As at 31 December 2017 and 1 January 2018	7,116	71,778	—
Changes from financing cash flows:			
Fund transfer	—	7,525	—
Other changes:			
Interest	1,397	13,810	—
Issue of convertible loan	—	(55,232)	55,232
Fair value loss on convertible loan payable	—	—	9,300
As at 31 December 2018 and 1 January 2019	8,513	37,881	64,532
Changes from financing cash flows:			
Proceeds from loans from independent third parties	25,311	—	—
Fund transfer	—	1,398	—
Other changes:			
Interest	1,401	4,655	—
Conversion to shares	—	—	(64,532)
As at 30 September 2019	35,225	43,934	—

	Other loans included in trade and other payables *HK$'000*	Shareholder's loan *HK$'000*	Convertible loan payable *HK$'000*
As at 1 January 2018	7,116	71,778	—
Changes from financing cash flows:			
Fund transfer	—	4,318	—
Other changes:			
Interest	1,022	9,471	—
As at 30 September 2018 (unaudited)	8,138	85,567	—

(b) Non-cash transactions

i. During the year ended 31 December 2016, Convertible Loan A is fully converted into 117 shares of the Target Company. On conversion date, the fair value of Convertible Loan A was estimated at HK$28,000,000, which was derecognised from Convertible Loan A with HK$901,000 was credited to share capital and the remaining HK$27,099,000 was credited to share premium account.

ii. During the year ended 31 December 2018, the Target Company issued a convertible loan to Ideal Team with principal amount of HK$55,232,000 (the "Convertible Loan B"), which carries interest at 18% per annum payable annually, matures in 36 months from the date of issue, with a right granted to the holder of the Convertible Loan B to convert to shares of the Target Company. The proceeds from issuance of Convertible Loan B was settled against the shareholder's loan.

iii. During the nine months ended 30 September 2019, Convertible Loan B is fully converted into 16,039 shares of the Target Company. On conversion date, the fair value of Convertible Loan B was estimated at HK$64,532,000, which was derecognised from Convertible Loan B with HK$126,000 credited to share capital and the remaining HK$64,406,000 credited to share premium account.

iv. Additions of intangible assets for the years ended 31 December 2017 and 2018 and nine months ended 30 September 2018 and 2019 included interests capitalised in development cost of HK$8,977,000, HK$15,207,000, HK$10,493,000 and HK$2,984,000 respectively.

III. SUBSEQUENT FINANCIAL INFORMATION

No audited financial statements have been prepared by the Target Group in respect of any period subsequent to 30 September 2019.

(2) MANAGEMENT DISCUSSION AND ANALYSIS ON THE TARGET GROUP

Set out below is the management discussion and analysis of the Target Group for each of the three years ended 31 December 2018 and the nine months ended 30 September 2018 and 2019, which is based on the financial information of the Target Group as set out in this appendix.

FINANCIAL AND BUSINESS OVERVIEW

The main business of the Target Group is the design, development, manufacturing and sale of high performance hypercars under the brand ''Apollo'' worldwide. Its operations and non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets are located in Hong Kong, Germany, Japan and United Kingdom.

Revenue

The Target Group's revenue was approximately HK$24.8 million, HK$27.5 million, HK$5.4 million, HK$4.1 million and HK$4.3 million, respectively, for each of the financial years ended 31 December 2016, 2017 and 2018 and the nine months ended 30 September 2018 and 2019.

The Target Group's revenue in the said periods mainly comprises (i) sales of hypercars; (ii) sales of spare parts; (iii) income from repair and maintenance services; (iv) sponsorship income; and (v) distribution income from licensing agreements.

In respect of the Target Company's distribution income, the Target Company previously signed distribution agreements with certain distributors as authorized dealers of the Target Group's products. These distribution agreements grant exclusivity to the authorized dealers in their respective territories for a period of 10 years. In exchange for such exclusivity, the authorized dealers had to pay a one-time license fee. The Target Company amortizes the distribution income over 10 years.

Sponsorship income is a one-off income generated by sponsorships obtained from certain sponsors who wish to co-brand with the Target Group in certain marketing events, exhibitions, and/or car shows.

The Target Group's revenue increased by approximately HK$2.7 million or 10.9% from approximately HK$24.8 million for the year ended 31 December 2016 to approximately HK$27.5 million for the year ended 31 December 2017. The increase in revenue was mainly due to increase in hypercar sales in 2017. The sales of hypercars during the financial years ended 31 December 2016 and 2017 comprise the following:

	Year ended 31 December	
	2016	**2017**
	Number of cars sold	
Apollo S	2	1
Apollo N	1	1
Apollo IE Prototypes	—	2
Total	3	4

The Target Group's revenue decreased by HK$22.1 million or 80.4% from approximately HK$27.5 million for the year ended 31 December 2017 to approximately HK$5.4 million for the year ended 31 December 2018. The decrease in revenue was resulted from the fact that the Target Group was focusing on in research and development of the revolutionary IE car model during 2018, and thus no car sales was recorded. Since the launch of the IE prototypes in October 2017, the Target Company spent considerable resources in developing and marketing IE and therefore did not generate any sales for the year ended 31 December 2018. During the nine months ended 30 September 2019, the Target Company focused on completing the final development and production of IE. Two IEs were delivered to customers in November of 2019. The sales of the two IEs were therefore recorded subsequent to 30 September 2019 but during the year ended 31 December 2019.

The Target Group's revenue increased by approximately HK$0.2 million or 4.9% from approximately HK$4.1 million for the nine months ended 30 September 2018 to approximately HK$4.3 million for the nine months ended 30 September 2019. The increase in revenue was primarily attributable to the increase in sales of car parts.

Profit/loss for the year and net profit/loss margin

The Target Group's profit/(loss) for the year was approximately HK$3.0 million, HK$(14.4) million, HK$(78.7) million, HK$(7.4) million and HK$(15.4) million, respectively, for each of the three financial years ended 31 December 2016, 2017 and 2018 and the nine months ended 30 September 2018 and 2019.

The Target Group turned from profit to loss in 2017 as more research and development costs were incurred for the development of the flagship IE model.

The loss for the year of the Target Group increased by HK$64.3 million or 446.5% from approximately HK$14.4 million for the year ended 31 December 2017 to approximately HK$78.7 million for the year ended 31 December 2018, primarily due to decrease in the Target Group's revenue and written-off of intangible asset. During the year ended 31 December 2018, the Target Group wrote off inventories amounting to approximately HK$9.2 million. The write-off of inventories concerns a show car built in 2016 code named "Apollo Arrow". The Apollo Arrow was the predecessor of the IE. The Target Company conducts assessment on its inventories annually. Development work was done on the Apollo Arrow during the year ended 31 December 2017 in an effort to transform the Apollo Arrow into today's IE, therefore the Target Company believed it was appropriate to maintain the value of the Apollo Arrow show car. During the year ended 31 December 2018 the Target Company decided to completely revamp the IE without adopting specifications of the Apollo Arrow and deemed it appropriate to write off the value of the Apollo Arrow show car.

The loss for the period of the Target Group increased by HK$8.1 million or 109.8% from approximately HK$7.4 million for the nine months ended 30 September 2018 to approximately HK$15.4 million for the nine months ended 30 September 2019 mainly due to increase in the amortization of intangible assets.

Although the Target Group recorded net losses for the years ended 31 December 2017 and 2018, the financial performance of the Target Group is expected to rebound as and when the revolutionary IEs are delivered and the Target Group will be able to record the relevant revenue and earnings therefrom.

LIQUIDITY AND FINANCIAL RESOURCES

Capital management policy

The Target Group's objective of managing capital is to safeguard the Target Group's ability to continue as a going concern in order to provide returns for equity owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Target Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher returns to equity owners that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Net current assets/liabilities

The Target Group recorded net current assets/(liabilities) of approximately HK$11.9 million, HK$(72.4) million, HK$(79.5) million, and HK$(110.5) million as at 31 December 2016, 2017 and 2018 and 30 September 2019, respectively. The current liabilities of the Target Group primarily comprise (i) contract liabilities, including deposits received in respect of the sales of high-performance hypercars; and (ii) shareholder's loan. The net current liability position of the Target Group during the reporting periods was mainly for the reason that the IE was at a research and development investment pre-production stage. It is expected that once all the IEs are delivered by 2020, the Target Group will be able to record the relevant revenue and earnings therefrom, thereby reducing its net current liability position and achieve a net current asset position.

Cash and cash equivalents

The balance of cash and cash equivalents of the Target Group as at 31 December 2016, 2017 and 2018 and 30 September 2019 was approximately HK$1.8 million, HK$1.5 million, HK$3.0 million, and HK$10.2 million, respectively, comprising cash at bank and in hand. The cash and cash equivalents of the Target Group were mainly denominated in HK$ and EUR.

Borrowing

The Target Group had the following outstanding loans and/or borrowings as of the dates indicated below:

	As at 31 December			As at 30 September
	2016	**2017**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other loans included in trade and other payables	—	7,116	8,513	35,225
Shareholder's loan(Note)	—	71,778	37,881	43,934
Convertible loan	—	—	64,532	—
Total borrowings	—	78,894	110,926	79,159

Note: The amount is unsecured, interest bearing and repayable on demand.

Capital commitments

As at 31 December 2016, 2017 and 2018 and 30 September 2019 respectively, the Target Group did not have any capital commitments.

CHARGES ON ASSETS

As at 31 December 2016, 2017 and 2018 and 30 September 2019 respectively, the Target Group did not have any charge over its assets.

GEARING RATIO

The following table sets out a summary of the Target Group's gearing ratios as at the dates specified below:

	As at 31 December			As at 30 September
	2016	2017	2018	2019
Gearing ratio (%)[1]	N/A[2]	567.1	N/A[2]	N/A[2]

Notes:

1. Gearing ratio is calculated by dividing total interest bearing borrowings by total equity, multiplying the resulting value by 100.0%.

2. The Target Group had no borrowings or was in the position of capital deficiency.

FOREIGN EXCHANGE EXPOSURES

The Target Group has cash and cash equivalents, trade and other receivables, borrowings and trade payables which are denominated in foreign currencies and is mainly exposed to the currency risk of HK$.

The Target Group currently does not have a foreign currency hedging policy. The management monitors foreign exchange exposure and may consider hedging significant foreign currency exposure should the need arise.

CONTINGENT LIABILITIES

As at 31 December 2016, 2017 and 2018 and 30 September 2019 respectively, the Target Group did not have any significant contingent liability.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL

As at 31 December 2016, 2017 and 2018 and 30 September 2019 respectively, the Target Group did not hold any significant investments or plan for material investments or capital assets in future period.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2019, the Target Group employed a total of 13 persons. Remuneration for the employees of the Target Group includes salaries and other benefits and contributions to pension plans. For the years ended 31 December 2016, 2017 and 2018 and the nine months ended 30 September 2018 and 2019, the Target Group's staff costs were approximately HK$3.0 million, HK$4.1 million, HK$4.3 million, HK$3.3 million and HK$3.2 million, respectively. Employees' remunerations of the Target Group include wages and salaries, housing benefits, termination benefits, contributions to pension plans and performance-based bonuses, which are determined by their work performance, human resource market conditions and economic environment. The Target Group's remuneration policy is reviewed on a regular basis.

The Target Group offers internal training to the employees both for personal development and for improvement on skills related to their positions.

1. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The information set out in this appendix does not form part of the Accountants' Report received from BDO Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company as set out in Appendix II to this circular, and is included herein for information only.

The unaudited pro forma financial information set out below should be read in conjunction with the financial information of the Group as set out in Appendix I of this circular, the financial information of the Target Group as set out in Appendix II of this circular, and other financial information included elsewhere in this circular.

The following is an illustrative and unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group (the "Unaudited Pro Forma Financial Information"), which has been prepared in accordance with paragraph 4.29 of the Listing Rules for the purpose of illustrating the effect of the completion of the Acquisition on the financial position of the Group as at 30 September 2019 as if the completion of the Acquisition had taken place on 30 September 2019.

The Unaudited Pro Forma Financial Information has been prepared on the basis of the notes below based on a number of assumptions, estimates, uncertainties and currently available information. Accordingly, the Unaudited Pro Forma Financial Information does not purport to describe the actual financial position of the Enlarged Group that would have been attained had the Acquisition been completed on 30 September 2019. Neither does the Unaudited Pro Forma Financial Information purports to predict the future financial position of the Enlarged Group.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Acquisition been completed as at 30 September 2019, or any future date.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in its published annual report for the year ended 30 September 2019 and other financial information included elsewhere in this Circular.

	The Group as at 30 September 2019	The Target Group as at 30 September 2019	Pro forma adjustments			Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Notes 3, 4*	*Note 5*	*Note 6*	
NON-CURRENT ASSETS						
Property, plant and equipment	138,773	29,018	1,156			168,947
Investment properties	358,026	—				358,026
Goodwill	1,363,308	—	580,195			1,943,503
Other intangible assets	48,940	88,432	186,536			323,908
Interest in a joint venture	387	—				387
Interests in associates	19,089	—				19,089
Financial assets at fair value through profit or loss	1,161,086	—				1,161,086
Loans receivable	225,392	—				225,392
Deferred tax assets	3,768	—				3,768
Deposits	44,093	—	(40,000)			4,093
Total non-current assets	3,362,862	117,450				4,208,199

	The Group as at 30 September 2019	The Target Group as at 30 September 2019	Pro forma adjustments			Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Note 2*	*Notes 3, 4*	*Note 5*	*Note 6*	
CURRENT ASSETS						
Inventories	214,842	34,140				248,982
Accounts receivable	32,872	—				32,872
Loans receivable	473,778	—		(25,495)		448,283
Prepayments, deposits and other receivables	19,380	6,282				25,662
Financial assets at fair value through profit or loss	1,969	—				1,969
Cash and cash equivalents	447,606	10,193	(132,000)		(5,349)	320,450
Total current assets	1,190,447	50,615				1,078,218
CURRENT LIABILITIES						
Accounts payable	99,167	6,128				105,295
Other payables and accruals	198,987	153,772		(25,495)		327,264
Interest-bearing bank borrowings	104,678	—				104,678
Tax payable	4,536	1,192				5,728
Total current liabilities	407,368	161,092				542,965
NET CURRENT ASSETS/ (LIABILITIES)	783,079	(110,477)				535,253
TOTAL ASSETS LESS CURRENT LIABILITIES	4,145,941	6,973				4,743,452
NON-CURRENT LIABILITIES						
Financial liability at fair value through profit or loss	—	—	530,992			530,992
Interest-bearing bank borrowings	21,809	—				21,809
Deferred tax liabilities	80,467	—	30,969			111,436
Contract liabilities	—	21,008				21,008
Total non-current liabilities	102,276	21,008				685,245
Net assets/(liabilities)	4,043,665	(14,035)				4,058,207

Notes:

(1) The audited consolidated statement of assets and liabilities of the Group as at 30 September 2019 has been extracted from the annual report of the Company dated 23 December 2019.

(2) The audited consolidated statement of assets and liabilities of the Target Group as at 30 September 2019 has been extracted from the accountants' report as set out in Appendix II to this Circular.

(3) Pursuant to the Agreement, the consideration for the Acquisition comprises:

(a) Cash consideration of HK$172,000,000; and

(b) Consideration Shares of up to 1,655,232,000 new Shares to be allotted and issued. In terms of the number of Consideration Shares to be allotted and issued, it shall be determined based on the consolidated earnings before interests and taxes of the Target Group as shown in the audited consolidated financial statements of the Target Group for the year ending 31 December 2021 less the consolidated loss before interests and taxes of the Target Group (if any) as shown in the audited consolidated financial statements of the Target Group for the years ended/ending 31 December 2019 and 31 December 2020. If such results is:

(i) more than or equal to EUR1,890,000 but less than EUR3,780,000, then 66,432,000 Consideration Shares;

(ii) more than or equal to EUR3,780,000 but less than EUR5,670,000, then 463,632,000 Consideration Shares;

(iii) more than or equal to EUR5,670,000 but less than EUR7,560,000, then 860,832,000 Consideration Shares;

(iv) more than or equal to EUR7,560,000 but less than EUR9,450,000, then 1,258,032,000 Consideration Shares; or

(v) more than or equal to EUR9,450,000, then 1,655,232,000 Consideration Shares

shall be issued to the Vendor.

For the purpose of preparation of the Unaudited Pro Forma Financial Information, the Directors assumed that the results will be more than or equal to EUR9,450,000 and 1,655,232,000 Consideration Shares will be issued by the Company based on the current business plan and the target sale of the IE2. The Directors also assumed that the fair value of the Consideration Shares will be HK$530,992,000 (being the closing price of HK$0.475 per share of the Company as at 30 September 2019 times 1,655,232,000 Consideration Shares discounted at a discount rate of 17%). Accordingly, the total consideration is calculated as follows:

	HK$'000
Cash consideration	172,000
Contingent consideration shares	530,992
Total consideration	702,992

(4) This adjustment represents the accounting for the Acquisition using the acquisition method in accordance with Hong Kong Financial Reporting Standard 3 (Revised) *Business Combinations* issued by the Hong Kong Institute of Certified Public Accountants. For the purpose of the Unaudited Pro Forma Financial Information, the Group has carried out an illustrative purchase price allocation and the fair values of the identifiable assets and liabilities of the Target Group as at 30 September 2019 were estimated by the Directors with reference to the valuation performed by Greater China Appraisal Limited, an independent professionally qualified valuer.

The carrying values and fair values of the identifiable assets and liabilities of the Target Group as at 30 September 2019 are as follows:

	Carrying value *HK$'000*	**Fair value recognised on acquisition** *HK$'000*
Property, plant and equipment	29,018	30,174
Intangible asset — Trademark *(note a)*	11,996	198,532
Intangible asset — Capitalised development costs	76,436	76,436
Inventories	34,140	34,140
Prepayment, deposits and other receivables	6,282	6,282
Cash and cash equivalents	10,193	10,193
Accounts payable	(6,128)	(6,128)
Other payables and accruals	(153,772)	(153,772)
Tax payable	(1,192)	(1,192)
Contract liabilities	(21,008)	(21,008)
Deferred tax liabilities *(note b)*	—	(30,969)
Total identifiable net assets	(14,035)	142,688
Non-controlling interests		(19,891)
Goodwill on acquisition		580,195
Total consideration *(note 3)*		702,992

Notes:

(a) The fair value of the trademark was estimated using the relief from royalty method under the income approach.

The principal assumptions used in the valuation are set out below:

(i)	Royalty rate	9.88%
(ii)	Discount rate	17.04%
(iii)	Growth rate used to extrapolate cash flow projection	3.00%

Royalty rate — The royalty rate used is determined based on 25% of earnings before interest and tax as a percentage of revenue.

Discount rate — The discount rate used reflects specific risks relating to the trademark.

Growth rate used to extrapolate cash flow projection — The growth rate used is with reference to the average inflation rates in the relevant markets.

(b) Deferred tax liabilities arose from the difference between the tax bases and the fair values of property, plant and equipment and intangible assets. A tax rate of 16.5% was used to calculate deferred tax liability as it is the tax rate expected to apply in the period when the asset is realised.

The cash consideration is satisfied by (i) Deposit A and Deposit B in the aggregate amount of HK$40,000,000; and (ii) cash of HK$132,000,000. The contingent consideration is recognised as financial liability at fair value through profit or loss as at the date of acquisition.

Since the fair values of the identifiable net assets of the Target Group and the consideration for the Acquisition as at the actual date of the completion of the Acquisition may be materially different from their respective values used in the preparation of the Unaudited Pro Forma Financial Information, the final amounts of the identifiable assets, liabilities and goodwill to be recognised in connection with the Acquisition may be materially different from the estimated amounts as shown above.

(5) This adjustment represents the elimination of the Bridge Loan between the Group and the Target Group as at 30 September 2019 upon completion of the Acquisition.

(6) This adjustment represents the estimated direct attributable legal and professional costs incurred for the Acquisition of approximately HK$5,349,000.

(7) Apart from the above, no other adjustment has been made to reflect any trading results or other transactions of the Group and the Target Group entered into subsequent to 30 September 2019.

2. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from Ernst & Young, Certified Public Accountants, in respect of the unaudited pro forma financial information of the Enlarged Group.

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

To the Directors of WE Solutions Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of WE Solutions Limited (the ''Company'') and its subsidiaries (hereinafter collectively referred to as the ''Group'') by the directors of the Company (the ''Directors'') for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities of the Group as at 30 September 2019, and related notes as set out on pages III-1 to III-6 of the circular dated 18 February 2020 (the ''Circular'') issued by the Company (the ''Unaudited Pro Forma Financial Information''). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages III-1 to III-6 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the acquisition of 86.06% of the issued share capital of Sino Partner Global Limited (the ''Target Company'') (the ''Acquisition'') on the Group's financial position as at 30 September 2019 as if the Acquisition had taken place at 30 September 2019. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's audited financial statements for the year ended 30 September 2019 as set out in the annual report of the Company dated 23 December 2019. Information about the financial position of the Target Company and its subsidiaries (hereinafter collectively referred to as the ''Target Group'') has been extracted by the Directors from the Target Group's financial information, on which an accountants' report has been published in Appendix II to the Circular.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Acquisition on unadjusted financial information of the Group as if the Acquisition had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisition would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Acquisition, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the Acquisition in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong
18 February 2020

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Greater China Appraisal Limited, an independent valuer, in connection with its valuation as at 30 September 2019 on approximately 86.06% of the issued share capital of the Target Company.

GREATER CHINA APPRAISAL LIMITED
漢 華 評 值 有 限 公 司

Room 2703, 27th Floor,
Shui On Centre,
6–8 Harbour Road,
Wanchai, Hong Kong

18 February 2020

WE Solutions Limited
Unit 301 and 302, Third Floor
Building 22E, Phrase Three
Hong Kong Science Park, Pak Shek Kok
New Territories, Hong Kong
Attn: The Board of Directors

Dear Sir/Madam,

VALUATION OF 86.06% EQUITY INTEREST IN SINO PARTNER GLOBAL LIMITED AND ITS SUBSIDIARIES

In accordance with the instructions from WE Solutions Limited (the "Company"), we were engaged to perform a valuation analysis in relation to the market value of 86.06% equity interest (the "Equity Interest") in Sino Partner Global Limited and its subsidiaries (collectively, the "Target Group") as at 30 September 2019 (the "Valuation Date").

It is our understanding that our analysis will be used by the management of the Company for the transaction relating to the Company's potential acquisition of the Target Group. Our analysis was conducted for the above mentioned purpose only and this report should be used for no other purpose without our express written consent. The standard of value is market value; whilst the premise of value is going concern.

The approaches and methodologies used in our work did not comprise an examination in accordance with generally accepted accounting principles, the objective of which is an expression of an opinion regarding the fair presentation of financial statements or other financial information, whether historical or prospective, presented in accordance with generally accepted accounting principles.

We express no opinion and accept no responsibility for the accuracy and completeness of the financial information or other data provided to us by others. We assume that the financial and other information provided to us is accurate and complete, and we have relied upon this information in performing our valuation.

I. PURPOSE OF ENGAGEMENT

It is our understanding that our analysis will be used by the management of the Company solely for transaction reference purpose.

II. SCOPE OF SERVICES

We were engaged by the management of the Company in evaluating the market value of the Equity Interest of the Target Group as at the Valuation Date.

III. BASIS OF VALUATION

We have performed valuation of the Equity Interest on the basis of market value which is defined as intended to mean "*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*".

Our valuation has been prepared in accordance with the International Valuation Standards (2017 Edition) on business valuation published by International Valuation Standards Council. This standard contains guideline on the basis and valuation approaches used in business valuation.

IV. LEVEL OF VALUE

Valuation is a range concept and current valuation theories suggest that there are three basic "levels" of value applicable to a business or business interest. The levels of value are respectively:

- **Controlling interest:** the value of the controlling interest, always evaluate an enterprise as a whole;

- **As if freely tradable minority interest:** the value of a minority interest, lacking control, but enjoying the benefit of market liquidity; and

- **Non-marketable minority interest:** the value of a minority interest, lacking both control and market liquidity.

This valuation is primarily prepared on controlling interest basis.

V. PREMISE OF VALUE

Premise of value relates to the concept of valuing a subject in the manner that would generate the greatest return to the owner of the property. It takes account of what is physically possible, financially feasible and legally permissible. Premise of value includes the following:

- **Going concern:** appropriate when a business is expected to continue operating without the intention or threat of liquidation in the foreseeable future;

- **Orderly liquidation:** appropriate for a business that is clearly going to cease operations in the near future and is allowed sufficient time to sell its assets in the open market;

- **Forced liquidation:** appropriate when time or other constraints do not allow an orderly liquidation; and

- **Assembled group of assets:** appropriate when all assets of a business are sold in the market piecemeal instead of selling the entire business.

This valuation is prepared on going concern basis.

VI. SOURCES OF INFORMATION

Our analysis and conclusion of opinion of value were based on our discussions with the management of the Company, as well as our review of relevant documents, including but not limited to:

- Audited consolidated financial statements of the Target Group for the year ended 31 December 2016, 2017 and 2018;

- Consolidated financial statement for the period of 1 January 2019 to 30 September 2019; and

- Future business plan and the delivery status of cars of the Target Group.

We also relied upon publicly available information from capital market sources, including industry reports, and various databases of publicly traded companies and related news.

VII. COMPANY OVERVIEW

WE Solutions Limited (the "Company")

WE Solutions Limited was incorporated in the Cayman Islands as an exempted company with limited liability, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 860). The Company acts as an investment holding company. As at the Valuation Date, through the subsidiaries, the Company is engaged in manufacturing and sales of new electric vehicles and related components, provision of engineering services, trading, retailing and wholesale of jewellery products and watches, money lending, securities investment, property investment, and mining.

Sino Partner Global Limited (the "Target Company") and its subsidiaries (collectively referred as the "Target Group")

The Target Company acts as an investment holding company. The Target Group is principally engaged in design, development, manufacturing and sale of high-performance hypercars under the brand ''Apollo'' worldwide.

VIII. TRANSACTION OVERVIEW

Pursuant to the agreement, the Vendor, Ideal Team Ventures Limited, have agreed to sell the 86.06% of the shareholding of the Target Company and the Company agreed to purchase the shareholdings sold by the Vendor. Upon completion of the Acquisition, the Target Company and its subsidiaries will become non wholly-owned subsidiaries of the Company.

The Company and the Vendor have agreed the aggregate consideration for the acquisition of Target Company consisting of (1) cash consideration of HK$172,000,000 and (2) consideration shares up to 1,655,232,000 amounting to HK$860,720,000 determined by the Target's earnings before interest and tax ("**EBIT**") of the financial years of 2019, 2020 and 2021.

IX. ECONOMIC OVERVIEW

In conjunction with the preparation of the valuation, we have reviewed and analysed the current economic condition, and how the value of the Equity Interest may be impacted.

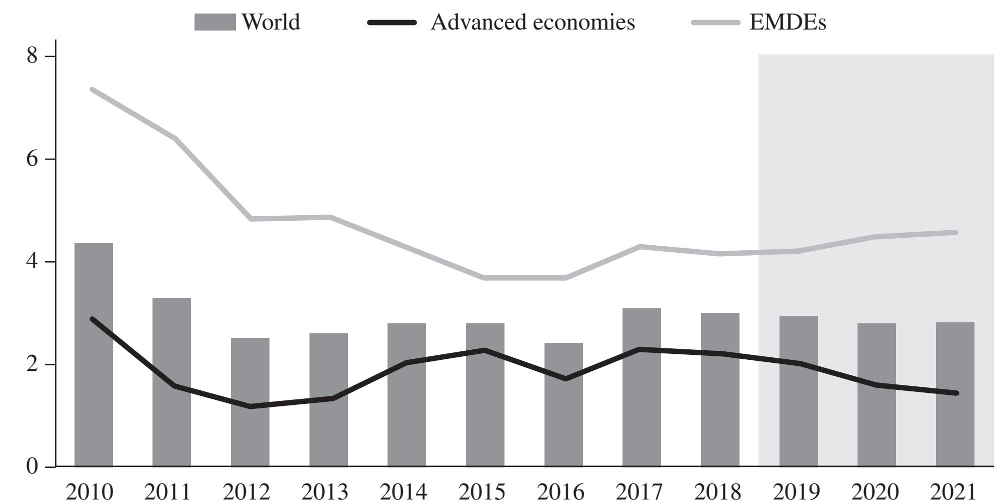
1. Gross Domestic Product

Global growth is moderating as the recovery in trade and manufacturing activity loses momentum. Emerging market and developing economies (EMDEs) growth dropped to an estimated 4.2 percent in 2018 — 0.3 percentage point slower than the previous projection. One of the major factors would be a number of countries with elevated current account deficits experienced substantial financial market pressures and appreciable slowdowns in the activity.

Economic activity in advanced economies has been varying among countries. Bolstered by fiscal stimulus the United States has remained solid growth. Meanwhile, activity in the Euro Area has been missed the expectation, owing to slowing net exports. While growth in advanced economies is estimated to have slightly decelerated to 2.2 percent last year, it is still above potential and in line with previous forecasts.

Overall speaking, global growth is forecasted to moderate from a downwardly revised 3 percent in 2018 to 2.9 percent in 2019 and 2.8 percent in 2020-21. The deceleration is mainly attributed to economic slack, removal of stimulative monetary policy in advanced economies, and gradually slowed global trade. Growth in the United States will continue to be backed by fiscal stimulus in the short term, which will likely result in larger and more persistent fiscal deficits. Advanced-economy growth will gradually decelerate toward potential, falling to 1.5 percent by the end of 2021 considering the monetary policy is normalized and capacity constraints become increasingly binding.

Figure 8 — 1 Global Output Growth

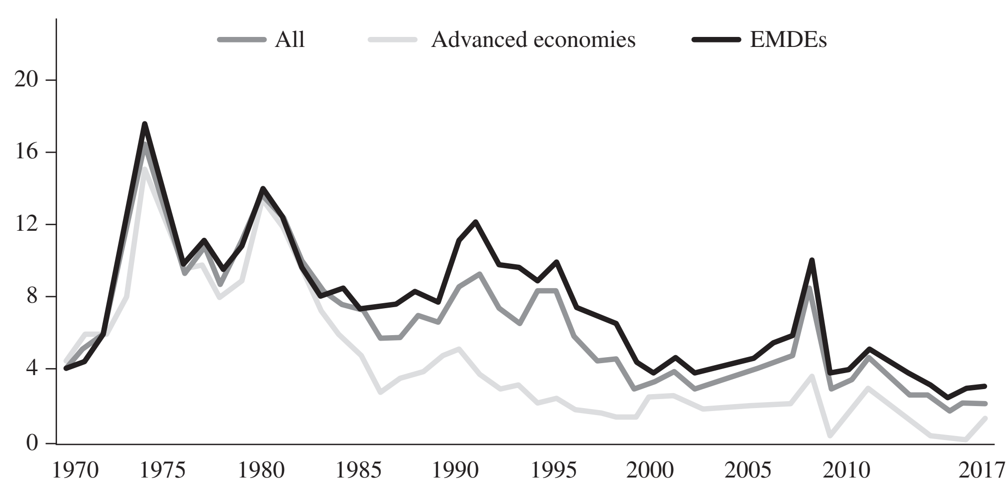


Source: Global Economic Prospects, January 2019, World Bank Group

2. Inflation Rate

For EMDEs that adopted inflation targets, their inflation was mostly within or below the central bank target ranges by 2017. Inflation has also fallen worldwide, from a peak of nearly 17 percent in 1974 to lower than 3.5 percent in 2018. The decline in inflation began in the mid-1980s in advanced economies and in the mid-1990s in EMDEs. In recent years, global inflation had stabilized at historically low levels which is around 3%.

Figure 8 — 2 Median CPI Inflation, by country group



Source: Haver Analytics, World Bank.

3. Monetary and Fiscal Policy

For the monetary policy of advanced-economy, it is expected to be less stimulative, especially in the United States. The U.S. Federal Reserve is gradually removing stimulus considering the low unemployment and near-target inflation amid pro-cyclical fiscal stimulus. Nonetheless, the European Central Bank and the Bank of Japan have signaled that the policy rates would remain at current levels in the short-term. The main U.S. policy rate is approaching its neutral level, for the first time, ever since the financial crisis. However, the policy rate is expected to be capped at around 3 percent, which implies significantly less room to adjust rates before reaching the zero lower bound should a new downturn occur. In the last three downturns, the Federal Reserve cut the policy rate by about 5 percentage points.

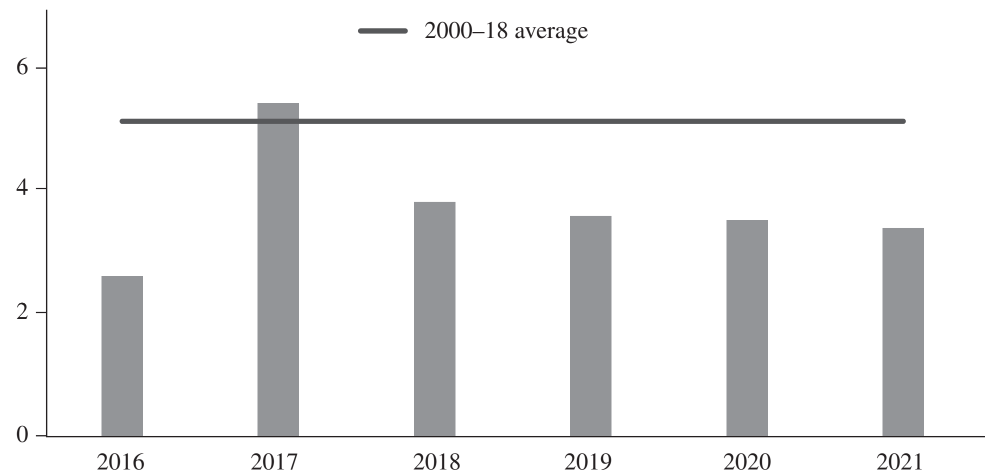
Recent financial market stress in some EMDEs has already indicated the necessity to strengthen buffers against the risk of less favourable global financial conditions. Monetary and financial policy challenges have been compounded by recent poor financial market performance. Policy interest rates and inflation ticked up in EMDEs facing above-average currency depreciation against the U.S. dollar in 2018. Higher borrowing costs contributed to an increase in sovereign bond spreads, especially in EMDEs with large current account deficits. Referring to the World Bank, fiscal positions remain fragile which leave little room for the government to improve domestic revenue mobilization and to commit to or deepen fiscal reforms aimed at controlling expenditures. In the longer run, steps to enhance human capital, encourage regional economic integration, and lower barriers to investment for small- and medium-sized enterprises would boost potential growth.

4. Global Trades

Following the strong momentum in 2017, growth in global goods trade dropped during the first half of 2018 and has only partially recovered since then. The deceleration was more distinct than previously expected to take a look at the decelerating export orders and global manufacturing activity.

During 2018 the decline in global trade beat the expectation. The industrial activity lost energy and trade policy is elusory which dampening global investment and trade. As a result, borrowing costs have generally risen in EMDEs as the U.S. dollar appreciated, an increase of investor risk aversion, and increased focus on country-specific vulnerabilities. Referring to the International Monetary Fund (IMF), external financing conditions are expected to continue deteriorating in 2019 taking the tight monetary policy accommodation in advanced economies. In the second half of 2018, oil prices were significantly volatile mainly due to risk from the supply side, with sharp falls toward the end of the year. According to the World Bank, most other commodity prices-particularly metals-also weakened, reflecting heightened trade tensions.

Figure 8 — 3 Global Trade Growth (volumes)

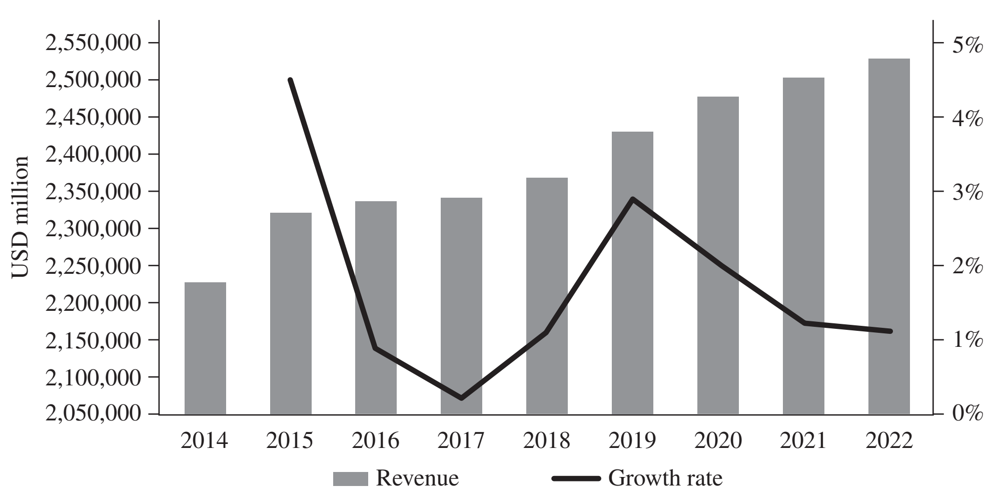


Source: Global Economic Prospects, January 2019, World Bank Group

X. INDUSTRY OVERVIEW

The Global Car and Automobile Manufacturing industry are anticipated to experience favourable conditions over the next five years. Emerging markets with increasing middle classes will grow much faster since the more developed economies expected to grow slowly. Higher disposable incomes will stimulate demand for motor vehicles. Moreover, green drivers will also back demand, as increasing environmental concerns encourage consumers to purchase fuel-efficient cars which will spur replacement demand. Referring to IBISWorld statistics, industry revenue is projected to increase at an annualized rate of 1.5% to $2.5 trillion over the five years to 2022.

Figure 9 — 1 Global Car and Automobile Manufacturing Industry Revenue



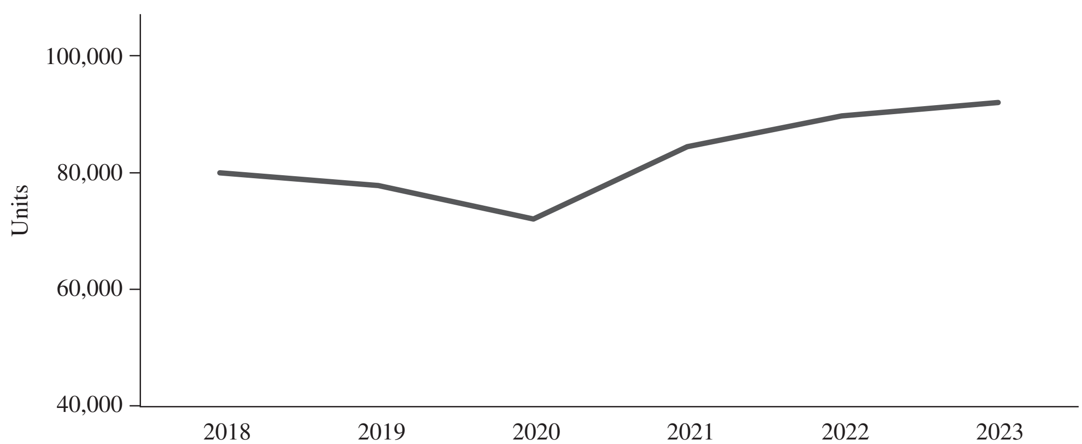
Source: IBISWORLD

Apart from the rising sales, profit margins have expanded in response to greater efficiency and falling input costs over the five years to 2017, up from lows in the post-recessionary years because of significant productivity improvements in mature economies. As the global economy has recovered, other developed markets in North America and Europe, as well as growing markets in China and India, have driven positive revenue trends but weak demand from European markets will likely dampen profitability due to some capacity underuse.

The major products in this industry include cars, commercial vehicles, SUVs and crossovers. According to data from the International Organization of Motor Vehicle Manufacturers and IBISWorld estimates for 2017, North Asia is the largest producer of vehicles overall, while China leads in terms of production volumes. The industry has a low level of concentration and the concentration has been declining over the past five years, as industry operators in emerging economies boost production. The largest four automakers are estimated to account for nearly 30.0% of global revenue, which are Volkswagen, Toyota, General Motors, and Ford Motor.

The sports car segment growth is driven mainly by the increasing numbers of high net worth individuals who is less affected by the economic cycle.

Figure 9 — 2 GT, Sports Car Growth (Units)



Source: HIS Market Global Automotive Outlook,2018

For the future development, significant improvements on the technological front, particularly regarding vehicle fuel efficiency drives the demand. Automakers emphasis more on increasing fuel efficiency in light of stricter regulatory requirements and consumer demand. Most global manufacturers plan to engage in research and development (R&D) to create fuel-efficient and environmentally friendly passenger vehicles. Technologies that are being explored include plug-in hybrid electric and fully electric vehicles (EVs) as well as fuel cell technology in hydrogen-powered vehicles.

According to IBISWorld, over the next five years, consumers will be more willing to adapt to new fuel-saving and clean technology, due to increased environmental awareness. In October 2017, major player and US-based manufacturer GM announced its goals to vastly expand its EV fleet, with plans to offer two EVs by 2018 and an additional 18 models by 2023.

Nonetheless, these R&D expenditures could hamper profit margin growth and manufacturers should manage this transition wisely over the next five years, as the industry already operates at low-profit margins.

XI. VALUATION METHODOLOGY

The valuation of the any asset or business can be broadly classified into one of the three approaches, namely the asset approach, the market approach and the income approach. In any valuation analysis, all three approaches must be considered, and the approach or approaches deemed most relevant will then be selected for use in the value analysis of that asset.

1. Asset Approach

This is a general way of determining a value indication of a business, business ownership interest, security, or intangible asset by using one or more methods based on the value of the assets net of liabilities.

Value is established based on the cost of reproducing or replacing the asset, less depreciation from physical deterioration and functional and economic obsolescence, if present and measurable.

2. Income Approach

This is a general way of determining a value indication of a business, business ownership interest, security, or intangible asset by using one or more methods that convert anticipated benefits into a present value amount.

In the income approach, an economic benefit stream of the asset under analysis is selected, usually based on historical and/or forecasted cash flow. The focus is to determine a benefit stream that is reasonably reflective of the asset's most likely future benefit stream. This selected benefit stream is then discounted to present value with an appropriate risk-adjusted discount rate. Discount rate factors often include general market rates of return at the valuation date, business risks associated with the industry in which the company operates, and other risks specific to the asset being valued.

3. Market Approach

This is a general way of determining an market value indication of a business, business ownership interest, security, or intangible asset by using one or more methods that compare the subject to similar businesses, business ownership interests, securities, or intangible assets that have been sold.

Value is established based on the principle of competition. This simply means that if one thing is similar to another and could be used for the other, then they must be equal. Furthermore, the price of two alike and similar items should be approximate to one another.

4. Selection of Valuation Approach

4.1 Asset approach — Rejected

Under the asset approach, the value of the Equity Interest is determined based on the replacement cost or reproduction cost rather than the ability to generate streams of benefits in the future. For the Target Group, future economic benefits will be generated from the Target Group's operation of its hypercars manufacturing and selling business. As such, the asset approach cannot reliably reflect the value of the Equity Interest. Accordingly, the asset approach was rejected.

4.2 Income approach — Rejected

Under the income approach, the value of the Equity Interest is determined based on the estimation of the projected inputs, such as projected revenue, operating costs, capital expenditures and risk-adjusted discount rate. A major challenge to income approach is its sensitivity to model inputs, as slight deviation in discount rate and forecasted operating cash flows would result in significantly different valuation results. Considering the uncertainty and dynamic nature of the hypercars manufacturing business, it is difficult to apply reliable input estimates. Comparatively, market approach referred to the public information of the market participants, which involve fewer assumptions on the input in the valuation and reflecting the market expectation and view on the industry. The result derived from the market approach is fairer in this case. As such, the market approach is more preferable, and the income approach was rejected.

4.3 Market approach — Accepted

Under the market approach, the value of the Equity Interest could be determined based on the recent trading multiples of listed comparable companies. The trading prices and public information could reflect the comparable target companies' fundamentals and risk expectation of the factoring business as a whole. As there were comparable public companies available in markets which facilitate a meaningful comparison, such method would be considered as appropriate and reliable.

XII. GENERAL VALUATION ASSUMPTIONS

A number of general assumptions have to be established in order to sufficiently support our conclusion of market value. The general assumptions adopted in this valuation as of the Valuation Date were:

- The selected guideline public companies (the "Guideline Public Companies" or the "Comparable Companies") share sufficient similarities to the underlying business of the Target Group so as to provide a meaningful comparison;

- The estimation of future multiples of those comparable companies obtained from Bloomberg is assumed to be accurate in reflecting the general performance of those companies and industries;

- Performance of the Target Group is expected to not significantly deviate from the performance of its industry peers;

- There would be no material change in the existing political, legal, fiscal, foreign trade and economic conditions in the countries where the Target Group carries on its businesses;

- There would be no significant deviation in the industry trends and market conditions from the current market expectation;

- There would be no material change in interest rates or foreign currency exchange rates from those currently prevailing;

- There would be no major change in the current taxation law in the countries where the Target Group and the comparable companies were operated;

- All relevant legal approvals, business certificates or licenses for the normal course of operation are formally obtained, in good standing and that no additional costs or fees are needed to procure such during the application; and

- The Target Group will retain competent management, key personnel, and technical staff to support the ongoing business operations.

XIII. MARKET APPROACH

Guideline Public Company Method

The premise behind the Guideline Public Company Method is that prices of publicly traded stocks in the same or a similar industry provide objective evidence as to values at which investors are willing to buy and sell interest of companies in that industry.

In applying the Guideline Public Company Method, we compute a pricing multiple for various benefit streams for each of the Guideline Public Companies. The appropriate valuation multiple is determined and adjusted for the unique aspects of the subject company being valued. This multiple is then applied to the subject company being valued to arrive at an estimate of value for the appropriate ownership interest. Valuation multiples selected is based on the enterprise value ("EV").

A valuation multiple represents a ratio that uses a comparative company's EV on the Valuation Date as the numerator and a measure of the company's operating results (or financial position) as the denominator. For this valuation, we have selected Enterprise Value to Earnings Before Interest and Tax ("EV/EBIT") as the valuation multiple. The EV/EBIT measures the amount of EV can be created by a unit of EBIT. EBIT measures the operating performance of a company and excludes financing and tax expenses, so EBIT provides a closer view of company's earning ability related to its direct operation of the subject companies.

We chose EV/EBIT as the multiple since it can reflect the characteristic of the company and disregards the bias and operational difference in both tax and interest between the Target Group and the comparable companies.

Once we have selected a number of the Guideline Public Companies and make the necessary adjustments to their financial information, the next step is to determine and compute the appropriate valuation multiples, and the calculation method is the same for all selected the Guideline Public Companies. The process of computing the valuation multiple in this valuation consists of the following procedures:

- Determination of the EV for each Guideline Public Companies. The market capitalization for each Guideline Public Companies, which is the equity value. EV is calculated by adding debts and minus Cash equivalent from market capitalization which is computed by multiplying their share prices to the number of outstanding shares.

- Determination of the comparison measurement — i.e. EBIT. This measurement represents the denominator of the multiple.

- Adjusting the implied 100% EV of the Target Group to calculate the value of Equity Interest.

The application of this method depends on the selection of the Guideline Public Companies with sufficient similarities to the underlying business of the Target Group so as to provide a meaningful comparison. We exercised due care in the selection of the Guideline Public Companies by using reasonable criteria in deciding whether or not a particular Guideline Public Company is relevant. If the difference is so large such that no meaningful comparison can be made, we would then question the use of this method.

Selection of Guideline Public Companies

In selecting the Guideline Public Companies, we considered the lines of business, products, market location of the business and other criteria of the Target Group. Our preliminary list of Guideline Public Companies is generated from searching through Bloomberg and websites providing financial data for public companies.

For this particular engagement, we have selected companies whose main business operations are principally engaged in car design and manufacturing over the world.

Table 13 — 1 Preliminary selection of comparable companies

	Guideline Public Companies	Ticker	Business Activities
1.	Volkswagen AG	VOW GR	• Offers economy and luxury automobiles, sports cars, trucks, and commercial vehicles.
2.	Daimler AG	DAI GR	• Develops, manufactures, distributes, and sells a wide range of automotive products such as passenger cars, trucks, vans, and buses.
3.	Bayerische Motoren Werke AG	BMW GR	• Manufactures and sells luxury cars and motorcycles worldwide.
4.	Tesla Inc	TSLA US	• Designs, manufactures, and sells high-performance electric vehicles and electric vehicle powertrain components.
5.	AUDI AG	NSU GR	• Manufactures luxury automobiles. Audi also owns the Italian sports car manufacturer Lamborghini SpA. The Company is a subsidiary of Volkswagen AG.
6.	Ford Motor Co	F US	• Designs, manufactures, and services cars and trucks.
7.	Ferrari NV "Ferrari"	RACE US	• Designs and manufactures sports cars.
8.	Fiat Chrysler Automobiles NV	FCAU US	• Manufactures and markets automobiles and commercial vehicles.
9.	Peugeot SA	UG FP	• Manufactures automobile components and motorcycles.
10.	Renault SA	RNO FP	• Designs, manufactures, markets, and repairs passenger cars and light commercial vehicles.
11.	Porsche Automobil Holding SE "Porsche"	PAH3 GR	• Development, production, and sale of automobiles.
12.	Harley-Davidson Inc	HOG US	• Designs, manufactures, and sells motorcycles.
13.	Aston Martin Lagonda Global Holdings PLC "Aston Martin"	AML LN	• Designs and manufactures sports cars.

Source: Bloomberg; Companies' annual reports

We also reviewed the details of the Guideline Public Companies' business fundamentals to assess their comparability against the Target Group. As the Target Group focuses on manufacturing of hypercars, we have selected the listed comparable companies whose product portfolio is mainly supercars, which are Ferrari (RACE US), Porsche (PAH3 GR) and Aston Martin (AML LN) only. Furthermore, we have reviewed their financial reports to ascertain their comparability of those companies. Pursuant to the latest annual report of Porsche for the financial year ended 31 December 2018, the principal activities of Porsche are (i) investment in companies across the whole automotive supply chain to gain dividend or share of profit, and (ii) development of transport logistic, planning and management software solutions. It does not involve directly in supercar research, development and manufacturing. Therefore, we consider Porsche not a comparable company. We also noticed that Porsche (PAH3 GR) has significant income from the share of equity interest amounting to Euro 3,624 million, comparing with the revenue of only Euro 103 million. Therefore, we rejected Porsche as our comparable company as its income source is mainly derived from non-perpetual sources.

Table 13 — 2 the latest financial result highlights of the comparable companies

Financial year	Ferrari NV (In Million Euro) 2018	Porsche Automobile Holding SE (In Million Euro) 2018	Aston Martin Lagonda Global Holdings PLC (In Million Pound) 2018
Revenue	3,420	103	1,097
Cost of Revenue	(1,623)	—	(661)
Operating Expense	(971)	(229)	(363)
Net Non-Operating Gain/(Loss)	(23)	3,626	(59)
Interest Expense	(1)	(3)	(82)
Pre-tax Income	802	3,497	(68)
Conclusion	Accept	Reject, due to significant non-operational income	Accept

Source: Bloomberg.

Note: Rounding Error may apply

We believed that the selected listed companies were sufficiently comparable to the operations of the Target Group and gave a meaningful comparison.

Table13 — 3 Guideline Public Companies adopted

	Guideline Public Companies	Ticker	Business Activities
1.	Aston Martin Lagonda Global Holdings PLC	AML LN	Designs and manufactures sports cars.
2.	Ferrari NV	RACE US	Designs and manufactures sports cars.

Source: Bloomberg

The valuation multiples for the Guideline Public Companies were as follows:

Table 13 — 4 EV/EBIT for the Guideline Public Companies

	Ticker	EV/EBIT
1.	RACE US	24.43x
2.	AML LN	6.64x
	Median	15.54x

Source: Bloomberg, estimation data

Determination of Value

Based on the investigation and analysis stated above and on the valuation method employed, it is our opinion that the market value of the Equity Interest as at the Valuation Date is as follows:

Table 13 — 5 Equity Interest in the Target Group as at the Valuation Date

		EUR'000
Selected Multiple — EV/EBIT		15.54x
Target EBIT *(Note 1)*		15,200
100% EV of the Target Group		236,208
Add: Excess assets		771
Add: Cash and bank balance		1,190
Less: Excess liabilities		(5,474)
100% Equity interest of the Target Group		(232,695)
Add: Control Premium *(Note 2)*	8%	18,616
		251,311
Less: DLOM *(Note 3)*	(30%)	(75,393)
Implied 100% Equity Value after DLOM		175,918
Market value of 100% Equity Interest in the Target Group (rounded) ***(Note 4)***	**HKD'000**	**1,506,386**

* Products of the figures and sum of the figures may not equal to the total of the figures due to rounding

Note 1: The Target EBIT is provided by the management of the Target Company by considering the sales and related expenses in full operation.

Note 2: Please refer to Section: Control Premium for detailed discussion.

Note 3: Please refer to Section: Discount for Lack of Marketability for detailed discussion.

Note 4: The exchange rate of HKD:EUR as at 30 September 2019 is 8.5630.

XIV. CONTROL PREMIUM

Premium for control is generally regarded as the amount in excess of the current traded market price that a buyer is willing to pay to acquire the control of a publicly traded company. A buyer is willing to pay a premium for control when obtaining the controlling advantages they would not receive if only a minority interest was purchased. Estimating the value of premium for control is necessary when valuing large blocks of shares. The size of the premium for control varies from industry to industry, with the size of the company. In our valuation analysis, the equity interest in the subject companies is at controlling, so it is reasonable to apply a premium for control to reflect this advantage. With reference to the comparison of the average premium offered for a controlling equity interest (acquisitions of more than 50% of a company's shares outstanding) to that for a minority equity interest (purchases of 10%–50%) during 2011 to 2017 stated in FactSet Mergerstat Review, 2018, we believe a premium for control of 8% is fair and reasonable for the valuation of the Equity Interest.

XV. DISCOUNT FOR LACK OF MARKETABILITY

Private companies generally do not have a ready market for their stocks, a discount for lack of marketability/illiquidity (''DLOM'') is applicable in this valuation. The discount for lack of marketability/illiquidity recognizes the fact that an investment worth more if the interest is readily marketable, or conversely, worth less if it is not.

In selecting the appropriate DLOM, we have considered a number of liquidity attributes, which include occasional trades, potential for a public offering, sale of the subject, length of time and effort expended by management necessary to sell the Equity Interest, as well as the capital structure of the Target Company. We considered the expenses that are typically incurred in selling a business which are substantial and include legal fees, accounting fees, and intermediary fees.

In addition, as the Target Company is a privately held company while the comparable companies are publicly held companies, we have applied a discount for lack of marketability of 30% as the DLOM to reflect the downward adjustment to the equity value of the Equity Interest due to the reduced level of marketability of the Target Company. In determining the DLOM, we have made reference to the median price-to-earnings multiples offered for public companies to that for private companies during 2013 to 2017 as stated in ''FactSet Mergerstat Review 2018''. The median of the implied discount of private companies is approximately 30%.

XVI. LIMITING CONDITIONS

We have made no investigation of and assumed no responsibility for the title to or any liabilities against the Company and the Target Group.

The opinions expressed in this report have been based on the information supplied to us by the Company/the Target Group and their staff, as well as from various institutes and government bureaus without verification. All information and advice related to this valuation are provided by the management of the Company. Readers of this report may perform due diligence themselves. We have exercised all due care in reviewing the supplied information.

Although we have compared key supplied data with expected values, the accuracy of the results and conclusions from the review are reliant on the accuracy of the supplied data. We have relied on this information and have no reason to believe that any material facts have been withheld, or that a more detailed analysis may reveal additional information. We do not accept responsibility for any errors or omissions in the supplied information and do not accept any consequential liability arising from commercial decision or actions resulting from them.

This valuation reflects facts and conditions existing at the Valuation Date. Subsequent events have not been considered, and we have no obligation to update our report for such events and conditions.

XVII. CONCLUSION OF VALUE

In conclusion, based on the analysis stated above and on the valuation method employed, it is our opinion that the market value of the Equity Interest of Sino Partner Global Limited and its subsidiaries as at 30 September 2019 is as follows:

Subject of Valuation	*HKD*
The market value of 100% equity interest in Sino Partner Global Limited and its subsidiaries.	1,506,386,000
The market value of 86.06% equity interest Sino Partner Global Limited and its subsidiaries.	1,296,396,000

The opinion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We hereby certify that we have neither present nor prospective interests in the subject under valuation. Moreover, we have neither personal interests nor bias with respect to the parties involved.

This valuation report is issued subject to our general service conditions.

Yours faithfully,
For and on behalf of
GREATER CHINA APPRAISAL LIMITED

Victor C.W. Siu, *CFA, AICPA*
Director

Analysed and Reported by:

David K.C. Chow, *CPA*
Manager, Business Valuation & Transaction Advisory

Leon K. Huang
Senior Analyst, Business Valuation & Transaction Advisory

INVOLVED STAFF BIOGRAPHY

Victor C.W. Siu, *CFA, AICPA*

Director

Mr. Siu is the Head of Business Valuation and Transaction Advisory at Greater China Appraisal Limited. He has over 12 years of experience in the finance sector with most of the time spent in the investment banking field. Mr. Siu was a director at UBS AG and Daiwa Capital Markets investment banking teams, where he helped originated and executed numerous public and private fundraising transactions, including IPOs, M&As, convertible bonds, etc., with a focus on technology, resources, and renewable energy sectors in the Asia Pacific region. Mr. Siu graduated from the University of Toronto in commerce with distinction. He is also a CFA charter holder and a certified AICPA.

David K.C. Chow, *CPA*

Manager, Business Valuation & Transaction Advisory

Mr. Chow is experienced in business valuation including but not limited to equity interest and trademarks various industries and clients. Before joining the company, he served as an auditor in one of the leading international audit firms with extensive exposure on different industries.

Leon K. Huang

Senior Analyst, Business Valuation & Transaction Advisory

Mr. Huang's experience in the valuation of business in various industries including biotechnology, pharmaceutical, manufacturing, and energy. He has experience in valuation of intangible asset including trademarks and patents.

GENERAL SERVICE CONDITIONS

The service(s) provided by Greater China Appraisal Limited will be performed in accordance with professional appraisal standard. Our compensation is not contingent in any way upon our conclusions of value. We assume, without independent verification, the accuracy of all data provided to us. We will act as an independent contractor and reserve the right to use subcontractors. All files, working papers or documents developed by us during the course of the engagement will be our property. We will retain this data for at least seven years after completion of the engagement.

Our report is to be used only for the specific purpose stated herein and any other use is invalid. No reliance may be made by any third party without our prior written consent. You may show our report in its entirety to those third parties who need to review the information contained herein. No one should rely on our report as a substitute for their own due diligence. No reference to our name or our report, in whole or in part, in any document you prepare and/or distribute to third parties may be made without our written consent.

You agree to indemnify and hold us harmless against and from any and all losses, claims, actions, damages, expenses, or liabilities, including reasonable attorneys' fees, to which we may become subject in connection with this engagement. You will not be liable for our negligence. Your obligation for indemnification and reimbursement shall extend to any controlling person of Greater China Appraisal Limited, including any director, officer, employee, subcontractor, affiliate or agent. In the event we are subject to any liability in connection with this engagement, regardless of legal theory advanced, such liability will be limited to the amount of fees we received for this engagement.

We reserve the right to include your company/firm name in our client list, but we will maintain the confidentiality of all conversations, documents provided to us, and the contents of our reports, subject to legal or administrative process or proceedings. These conditions can only be modified by written documents executed by both parties.

1. SHARE CAPITAL OF THE COMPANY

The authorised and issued share capital of the Company (a) as at the Latest Practicable Date; and (b) immediately following the allotment and issue of the Consideration Shares (assuming there will be no change to the total number of Shares in issue from the Latest Practicable Date to the date of issue of the Consideration Shares in full other than the issue of the Consideration Shares by the Company) will be as follows:

As at the Latest Practicable Date

		HK$
Authorised:		
10,000,000,000	Shares of HK$0.10 each	1,000,000,000
Issued and fully paid or credited as fully paid:		
7,170,198,562	Shares of HK$0.10 each	717,019,856

Immediately following the allotment and issue of the Consideration Shares (assuming there will be no change to the total number of Shares in issue from the Latest Practicable Date to the date of issue of the Consideration Shares in full other than the issue of the Consideration Shares by the Company)

		HK$
Authorised:		
10,000,000,000	Shares of HK$0.10 each	1,000,000,000
Issued and fully paid or credited as fully paid:		
7,170,198,562	Shares of HK$0.10 each	717,019,856
1,655,232,000	Consideration Shares to be allotted and issued	165,523,200
8,825,430,562		882,543,056

The Consideration Shares, credited as fully paid and free from all encumbrances if and when issued, shall rank pari passu in all respects with the other Shares in issue or to be issued by the Company on or prior to the date of allotment of the Consideration Shares.

The Consideration Shares (if any) will be allotted and issued under the Specific Mandate to be sought from the Shareholders at the EGM. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at the Latest Practicable Date, the Directors and chief executives of the Company have the following interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange:

Name of Directors	Capacity and nature of interest	Number of ordinary shares held	Number of share options held	Total interests	Percentage of interest *(Note 1)*
Mr. Ho King Fung, Eric (Chairman)	Personal	11,000,000	50,000,000	61,000,000	0.85%
Mr. Sung Kin Man (Chief Executive Officer)	Personal	Nil	30,000,000	30,000,000	0.42%
Mr. Zhang Jinbing	Corporate and Personal	3,960,000	1,488,000	5,448,000	0.08%
Mr. Tam Ping Kuen, Daniel	Personal	960,000	2,488,000	3,448,000	0.05%
Mr. Teoh Chun Ming	Personal	Nil	1,000,000	1,000,000	0.01%
Mr. Peter Edward Jackson	Personal	Nil	1,000,000	1,000,000	0.01%

Notes:

1. Based on 7,170,198,562 shares of the Company in issue as at the Latest Practicable Date.

2. All the interests disclosed above represent long positions in the ordinary shares of the Company.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into or proposed to enter into any service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

4. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates had any interest in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

5. LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation or arbitration proceedings of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Enlarged Group.

6. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Enlarged Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business of the Enlarged Group) have been entered into by members of the Enlarged Group within two years immediately preceding the Latest Practicable Date which are or may be material (the "**Material Contracts**"):

(i) the Second Supplemental Agreement;

(ii) the Supplemental Agreement;

(iii) the Agreement;

(iv) the supplemental agreement dated 12 December 2019 and entered into among the Company, Mr. Mirko Konta, Mr. Werner Händl and Mr. Nigel Westwood in respect of, among other things, the extension of the long stop date of the Ideenion Acquisition;

(v) the joint venture agreement dated 12 November 2019 and entered into by the Company, Jiangsu Jemmell New Energy Automobile Company Limited* (江蘇吉麥新能源車業有限公司) and GLM in relation to the formation and management of a joint venture company in the PRC to engage primarily in the design, research and development, and production of NEVs and related automobile parts, and will also provide related technical support and after-sales services, under which the Company will contribute (in cash or in kind) RMB100,000,000 into the joint venture company;

* *for identification purposes only*

(vi) the conditional sale and purchase agreement dated 31 October 2019 and entered into among the Company, as buyer, and Mr. Mirko Konta, Mr. Werner Händl and Mr. Nigel Westwood, as sellers, in relation to the Ideenion Acquisition;

(vii) the subscription agreement dated 8 July 2019 and entered into by the Company and Sino-Alliance International, Ltd ("**SAI**") in respect of the subscription of 382,352,000 new Shares by SAI at the subscription price of HK$0.51 per subscription Share;

(viii) the conditional sale and purchase agreement dated 29 May 2019 and entered into by 深圳市琪晶達貿易有限公司 (Shenzhen Qijingda Trading Co., Ltd.), an indirect wholly-owned subsidiary of the Company, as seller, and Mount Noble Limited, as buyer, in respect of the sale and purchase of the entire issued share capital of Shenzhen Qijingda Trading (HK) Company Limited, for a total cash consideration of HK$11,000,000;

(ix) the subscription agreement dated 8 May 2019 and entered into by the Company and Great Dawn Investments Limited (鴻昕投資有限公司) ("**Great Dawn**") in respect of the subscription of 400,000,000 new Shares by Great Dawn at the subscription price of HK$0.51 per subscription Share;

(x) the non-legally binding cooperation framework agreement dated 8 May 2019 and entered into between the Company and Agile Group Holdings Limited in respect of the proposed cooperation between the Company and 雅居樂地產置業有限公司 (Agile Property Land Co., Ltd.) for the production, research and development of NEV-related technology and products in the PRC;

(xi) the subscription agreement dated 7 December 2018 and entered into by the Company and no less than six subscribers in respect of the subscription of the 332,601,176 new Shares by the subscribers at the subscription price of HK$0.51 per subscription Share;

(xii) the subscription agreement dated 12 October 2018 and entered into between the Company and TOM Group Limited ("**TOM**") in respect of (i) the subscription of 65,240,000 new TOM shares by the Company at the subscription price of HK$1.916 per subscription share; and (ii) the subscription of 137,360,000 new Shares by TOM at the subscription price of HK$0.910 per subscription Share, with the difference in subscription considerations of HK$2,240 being paid by the Group to TOM;

(xiii) the non-legally binding cooperation memorandum dated 26 September 2018 entered into between the Company and a state-owned investment holding company in relation to the proposed formation of a joint venture company to engage in the business of recycling batteries of electric vehicle(s) in the PRC;

(xiv) the sale and purchase agreement dated 20 August 2018 and entered into between Grand Destiny Ventures Limited ("**Grand Destiny**"), a wholly-owned subsidiary of the Company, as the purchaser, and Mr. Chan Chun Hung ("**Mr. Chan**"), as the vendor, in relation to the acquisition of 2,302,536 ordinary shares (the "**EV Power Ordinary Shares**") in the share capital of EV Power Holding Limited ("**EV Power**"), at the total consideration of USD769,231;

(xv) the non-legally binding framework memorandum dated 25 May 2018 entered into between the Company and a European automotive technology company (the "**Advanced Auto Tech Co**") in relation to the proposed establishment of a joint venture company and the investment of not less than EUR50 million in the holding company of the Advanced Auto Tech Co through a subscription of its shares by the Group;

(xvi) the joint venture agreement dated 11 May 2018 entered into between Lucky Ample Limited ("**Lucky Ample**"), a wholly-owned subsidiary of the Company, and Shanghai Alliance Investment Ltd.* (上海聯和投資有限公司) in relation to the formation and management of a joint venture company in the PRC to engage primarily in the design, development and assembling of electric vehicles for taxis, online hailing services and other related business-to-business services, under which Lucky Ample shall make an initial capital contribution of US$5 million into the joint venture company;

(xvii) (a) the share purchase agreements dated 9 April 2018 and entered into by Grand Destiny with 12 shareholders of EV Power respectively, pursuant to which Grand Destiny has purchased a total of 34,555,084 preferred shares in the share capital of EV Power ("**EV Power Preferred Shares**") and 6,717,382 EV Power Ordinary Shares; (b) the conditional allotment agreement dated 9 March 2018 and entered into by Grand Destiny with, among others, EV Power in relation to the subscription of 94,290,880 EV Power Preferred Shares; and (c) the call option deed dated 9 March 2018 and entered into between Grand Destiny and Mr. Chan, pursuant to which Grand Destiny is granted an option to acquire up to 13,157,618 EV Power Ordinary Shares from Mr. Chan, the total amount of investment in aggregate by the Group under which was around US$50 million; and

(xviii) the non-legally binding memorandum of understanding dated 23 February 2018 entered into by the Company with Shenzhen Xihu New Energy Industrial (Hubei) Company Limited* (深圳西湖新能源產業(湖北)有限公司) and Shenzhen Xihu New Energy Transportation Development Company Limited* (深圳市西湖新能源交通發展有限公司) in relation the proposed formation of an alliance to research, develop and produce electric vehicles for taxis and online hailing services in the PRC.

8. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any interests, either directly or indirectly, in any assets which have been, since 30 September 2019 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

* *for identification purposes only*

9. MATERIAL ADVERSE CHANGE

References are made to the profit warning announcement, annual results announcement and annual report of the Company dated 29 November 2019, 23 December 2019 and 23 January 2020 respectively published on the websites of the Stock Exchange and the Company regarding the increase in consolidated net loss for the year ended 30 September 2019, as compared to the corresponding period in 2018. As disclosed in the aforementioned announcements and annual report, such increase was primarily attributable to (i) the decrease in gross profit in the segment of jewellery products and watches due to deteriorated retail market conditions in Mainland China and Hong Kong; (ii) the provision for impairment of loans receivable as a result of extremely challenging market conditions; (iii) the impairment of goodwill; and (iv) the decrease in fair value on investment properties due to the softening property market in Mainland China.

Reference is also made to the inside information announcement of the Company dated 30 December 2019 regarding a notice of termination dated 28 December 2019 received by the Group from a licensor with which a wholly-owned subsidiary of the Company as licensee entered into an agreement in January 2016 for the exclusive wholesale distribution of jewellery products and watches in the PRC, notifying the termination of such agreement on 31 December 2019 (the "**Termination**").

As disclosed in the aforesaid announcement, revenue generated from sales under such agreement for the year ended 30 September 2019 represented approximately 52% of the Group's consolidated revenue for the year.

Although the Termination may temporarily affect the Group's revenue, the Company does not expect the Termination to have material adverse impact on the Group's overall strategy as the Group has decided to gradually move away from the lackluster jewellery products and watches retailing business and to focus on the more promising mobility technology solutions business going forward.

Save as disclosed above, the Directors have confirmed that they were not aware of any material adverse change in the financial or trading position of the Group since 30 September 2019, being the date to which the latest published audited accounts of the Company were made up to.

10. EXPERTS' QUALIFICATIONS AND CONSENTS

The following are the qualifications of the experts who have given opinions or advice which are contained in this circular:

Name	Qualifications
BDO Limited	Certified Public Accountants
Ernst & Young	Certified Public Accountants
Greater China Appraisal Limited	Independent qualified valuer

As at the Latest Practicable Date, the above experts:

(a) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group; or

(b) did not have any interest, either directly or indirectly, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up (i.e. 30 September 2019), acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to, any member of the Enlarged Group.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its report and references to its name, in the form and context in which it respectively appears.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during 9:00 a.m. to 5:00 p.m. on any weekday (except for Saturday and public holidays) at the head office and principal place of business of the Company from the date of this circular up to and including the date of the EGM:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for the three years ended 30 September 2017, 2018 and 2019;

(c) the accountants' report prepared by BDO Limited on the financial information of the Target Group, the text of which is set out in Appendix II of this circular;

(d) the report issued by Ernst & Young in relation to the unaudited pro forma financial information of the Enlarged Group the text of which is set out in Appendix III to this circular;

(e) the Valuation Report, the text of which is set out in Appendix IV to this circular;

(f) copy of the Material Contracts referred to in the paragraph headed "Material Contracts" in this appendix;

(g) the consent letters referred to in the paragraph headed "Experts' qualifications and consents" in this appendix; and

(h) this circular.

12. MISCELLANEOUS

(a) The Company Secretary of the Company is Mr. Moy Yee Wo Matthew who graduated with a bachelor's degree in accounting and obtained a master's degree in business administration at the Hong Kong University of Science and Technology. He is a member of the Hong Kong Institute of Certified Public Accountants.

(b) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the head office and principal place of business of the Company is Units 301 and 302, Third Floor, Building 22E, Phase Three, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong.

(c) The Company's principal Share registrar and transfer office is SMP Partners (Cayman) Limited at Royal Bank House — 3rd Floor, 24 Shedden Road, Grand Cayman, KY1-1110, Cayman Islands.

(d) The Company's Hong Kong branch Share registrar and transfer office is Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(e) The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese text thereof.

力世紀有限公司
WE SOLUTIONS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 860)

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of WE Solutions Limited (the "**Company**") will be held at 11:00 a.m. on Thursday, 12 March 2020 at Units 301 and 302, Third Floor, Building 22E, Phase Three, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong, for the purposes of considering and, if thought fit, passing (with or without amendments) the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT** subject to the passing of ordinary resolution numbered 3 herein:

   (a) the sale and purchase agreement dated 16 May 2019 (as amended and supplemented by the supplemental agreement dated 15 August 2019 and the second supplemental agreement dated 3 January 2020) (the "**Agreement**") and entered into between, among others, the Company and Ideal Team Ventures Limited (the "**Vendor**") (copy of the Agreement is tabled at the meeting and marked "A" and signed by the chairman of the meeting for identification purpose) pursuant to which, among others, the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell, 20,051 issued ordinary shares of Sino Partner Global Limited (the "**Target Company**"), representing approximately 86.06% of the total issued share capital of the Target Company (the "**Acquisition**"), and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

   (b) any one director of the Company (the "**Director(s)**") be and is hereby authorised to, on behalf of the Company, do all such acts and sign, seal, execute and deliver all such documents and take all such actions as he may consider necessary or desirable for the purpose of or in connection with or to give effect to the Agreement and the transactions contemplated thereunder;

2. To re-elect Mr. Charles Matthew Pecot III as an independent non-executive director of the Company; and

3. "**THAT** subject to the passing of ordinary resolution numbered 1 herein and the Listing Committee to The Stock Exchange of Hong Kong Limited having granted the listing of, and permission to deal in the Consideration Shares (as defined below), the

Directors be and are hereby granted a specific mandate (the "**Specific Mandate**") which shall entitle the Directors to exercise all the powers of the Company to (i) allot and issue up to 1,655,232,000 new ordinary shares of the Company (the "**Consideration Shares**") at the subscription price of HK$0.52 per Consideration Share to the Vendor as part of the consideration for the Acquisition subject to the terms and conditions of the Agreement, where such Consideration Shares shall rank pari passu in all respects with the other ordinary shares of the Company in issue or to be issued by the Company on or prior to the date of allotment of the Consideration Shares; and (ii) credit the Consideration Shares as fully paid and register the Consideration Shares in the name of the Vendor on the Hong Kong branch register of members of the Company subject to the terms and conditions of the Agreement, provided that the Specific Mandate shall be in addition to, and shall not prejudice nor revoke, any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors prior to the passing of this resolution."

SPECIAL RESOLUTION

4. "**THAT** subject to the passing of ordinary resolution numbered 1 herein and the approval of the Registrar of Companies in the Cayman Islands having been obtained, the English name of the Company be changed from "WE Solutions Limited" to "Apollo Future Mobility Group Limited", and that any one or more of the Directors or the company secretary of the Company be and is/are hereby authorised to do all such acts, deeds and things and execute all such documents and make all such arrangements as he/they may consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the above proposed change of company name and to attend to any necessary registration and/or filing for and on behalf of the Company."

By order of the Board
WE Solutions Limited
Ho King Fung, Eric
Chairman

Hong Kong, 18 February 2020

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Units 301 and 302, Third Floor
Building 22E, Phase Three
Hong Kong Science Park
Pak Shek Kok
New Territories
Hong Kong

Notes:

(1) A member of the Company entitled to attend and vote at the aforesaid meeting is entitled to appoint one or (if he holds two or more shares) more proxies to attend and vote in his stead. A proxy need not be a member of the Company.

(2) To be valid, the form of proxy together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited with the Hong Kong branch share registrar of the Company, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.

(3) Completion and return of the form of proxy will not preclude members from attending and voting in person at the aforesaid meeting.

(4) A form of proxy must be signed by you or your attorney duly authorized in writing or, in the case of a corporation, must be either executed under its common seal or under the hand of an officer or attorney duly authorized to sign the same.

(5) In the case of joint holders of any shares, any one of such joint holders may vote at the aforesaid meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto. However, if more than one of such joint holders is present at the aforesaid meeting, either personally or by proxy, the vote of the joint holder whose name stands first in the register of members of the Company and who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s).

(6) The register of members of the Company will be closed from Friday, 6 March 2020 to Thursday, 12 March 2020 (both days inclusive) for the purpose of determining entitlement of the shareholders of the Company to attend and vote at the aforesaid meeting, during which period no transfer of shares in the Company will be effected. In order to qualify for attending and voting at the aforesaid meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 5 March 2020.