比速科技集團國際有限公司
Bisu Technology Group International Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1372)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

FINANCIAL HIGHLIGHTS

	Unaudited Six months ended 30 June 2017	Unaudited Six months ended 30 September 2016
	HK$'000	*HK$'000*
Revenue	**873,876**	867,260
Gross profit	**80,554**	83,387
Gross profit margin (%)	**9.2%**	9.6%
Profit attributable to equity holders of the Company	**13,129**	20,066
EBITDA[1]	**89,956**	92,644
Adjusted EBITDA[2]	**90,240**	91,578
Earnings per share — basic (HK cents)	**6.6**	10.0
Earnings per share — diluted (HK cents)	**6.6**	10.0

1 EBITDA: profit before tax + finance costs + depreciation + amortisation

2 Adjusted EBITDA: EBITDA – pre tax fair value gain on a financial asset at fair value through profit or loss

The board (the "**Board**") of directors (the "**Directors**") of Bisu Technology Group International Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results and financial position of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2017 (the "**period**") with comparative figures for the corresponding period in the previous year as follows. As the Company changed its financial year end date from 31 March to 31 December beginning from the nine months ended 31 December 2016, the financial information of the Company herein presented is for the six months ended 30 June 2017, with comparatives based on those for the six months ended 30 September 2016. This condensed consolidated interim financial information has not been audited, but has been reviewed by the audit committee of the Company (the "**Audit Committee**"):

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 June 2017

	Notes	**Unaudited Six months ended 30 June 2017** *HK$'000*	Unaudited Six months ended 30 September 2016 *HK$'000*
REVENUE	*5*	**873,876**	867,260
Cost of sales	*6*	**(793,322)**	(783,873)
Gross profit		**80,554**	83,387
Other income and gains	*5*	**7,145**	5,231
Administrative and selling expenses		**(29,807)**	(27,762)
Finance costs		**(34,777)**	(30,946)
Change in fair value of a financial asset at fair value through profit or loss	*10*	**(284)**	1,066
Profit before tax	*6*	**22,831**	30,976
Income tax expense	*7*	**(9,702)**	(10,910)
Profit for the period		**13,129**	20,066

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

Six months ended 30 June 2017

	Notes	**Unaudited Six months ended 30 June 2017 HK$'000**	Unaudited Six months ended 30 September 2016 HK$'000
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**42,653**	(9,113)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		**42,653**	(9,113)
Total comprehensive income attributable to owners of the parent		**55,782**	10,953
Earnings per share attributable to owners of the parent			
Basic (HK cents)	9	**6.6**	10.0
Diluted (HK cents)	9	**6.6**	10.0

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2017

	Notes	Unaudited 30 June 2017 HK$'000	Audited 31 December 2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**42,472**	45,263
Goodwill		**477,797**	463,257
Intangible assets		**556,951**	569,171
Total non-current assets		**1,077,220**	1,077,691
CURRENT ASSETS			
Financial asset at fair value through profit or loss	*10*	**2,627**	2,911
Inventories		**95,238**	50,235
Gross amount due from customers for contract works		**33,927**	27,120
Accounts and bills receivables	*11*	**1,330,192**	1,392,597
Tax recoverable		**—**	3,177
Prepayments, deposits and other receivables		**24,791**	16,185
Cash and cash equivalents		**22,932**	24,899
Total current assets		**1,509,707**	1,517,124
CURRENT LIABILITIES			
Accounts payable	*12*	**901,833**	931,748
Accruals of costs for contract works		**82,753**	91,009
Tax payable		**4,653**	28,490
Other payables and accruals		**22,593**	64,480
Interest-bearing other borrowings		**31,500**	20,000
Convertible bonds	*13*	**373,658**	—
Promissory notes	*14*	**473,258**	—
Total current liabilities		**1,890,248**	1,135,727
NET CURRENT (LIABILITIES)/ASSETS		**(380,541)**	381,397
TOTAL ASSETS LESS CURRENT LIABILITIES		**696,679**	1,459,088

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

30 June 2017

	Notes	Unaudited 30 June 2017 HK$'000	Audited 31 December 2016 HK$'000
NON-CURRENT LIABILITIES			
Convertible bonds	*13*	**—**	359,818
Promissory notes	*14*	**—**	453,938
Deferred tax liabilities		**89,525**	93,960
TOTAL NON-CURRENT LIABILITIES		**89,525**	907,716
NET ASSETS		**607,154**	551,372
EQUITY			
Equity attributable to owners of the parent			
Share capital		**2,000**	2,000
Equity component of convertible bonds		**390,716**	390,716
Reserves		**214,438**	158,656
TOTAL EQUITY		**607,154**	551,372

NOTES

1. CORPORATE INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at 21st Floor, 1 Duddell Street, Central, Hong Kong.

During the six months ended 30 June 2017, the Group was principally engaged in the following principal activities:

— Development, production and sales of automotive engines (the "**Automotive Engines Business**")

— Civil engineering works and building construction and maintenance works (the "**Civil Engineering and Construction Business**")

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2017 has been prepared in accordance with Hong Kong Accounting Standard 34 "*Interim Financial Reporting*" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Except as disclosed below, the accounting policies and the basis of preparation adopted in the preparation of this condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the nine months ended 31 December 2016.

During the period, there have been a number of new amendments to standards that have come into effect, which the Group has adopted at their respective effective dates. The adoption of these new amendments to standards had no material impact on the results of operations and financial position of the Group.

This condensed consolidated interim financial information has been prepared under the historical cost convention, except for financial asset at fair value through profit or loss, which have been measured at fair value. This condensed consolidated interim financial information is presented in Hong Kong dollars ("**HK$**") and all values are rounded to the nearest thousand unless otherwise indicated. Other than those subsidiaries established in the People's Republic of China (the "**PRC**") whose functional currency is Renminbi ("**RMB**"), the functional currency of the Group is HK$.

This condensed consolidated interim financial information has not been audited or reviewed by the Company's external auditors, but has been reviewed by the Audit Committee.

3. ESTIMATES

The preparation of this condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of the Group as at and for the nine months ended 31 December 2016.

4. SEGMENT INFORMATION

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

— Automotive engines segment — development, production and sales of automotive engines.

— Civil engineering and construction segment — civil engineering works and building construction and maintenance works.

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

4. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

2017

	Unaudited		
	For the six months ended 30 June		
	Automotive engines	**Civil engineering and construction**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Segment revenue	**601,631**	**272,245**	**873,876**
Segment results	**70,293**	**(102)**	**70,191**
Corporate and unallocated income			**—**
Corporate and unallocated expenses			**(12,583)**
Finance costs			**(34,777)**
Profit before tax			**22,831**

2016

	Unaudited		
	For the six months ended 30 September		
	Automotive engines	Civil engineering and construction	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue	625,929	241,331	867,260
Segment results	69,250	(969)	68,281
Corporate and unallocated expenses			(6,359)
Finance costs			(30,946)
Profit before tax			30,976

5. REVENUE, OTHER INCOME AND GAINS

	Unaudited Six months ended 30 June 2017 *HK$'000*	Unaudited Six months ended 30 September 2016 *HK$'000*
Revenue		
Contract revenue	**272,245**	241,331
Sales of goods	**601,631**	625,929
	873,876	867,260
Other income and gains		
Rental income	**4,214**	4,200
Interest income	**3**	1
Consultancy fee income	**742**	600
Management fee income	**1,130**	—
Government subsidies*	**111**	36
Sundry income	**945**	394
	7,145	5,231

* Subsidies have been received from the Hong Kong Vocational Training Council, an institution established by the Government of the Hong Kong Special Administrative Region (the "**Government**"), for providing on-the-job training to graduate engineers. There are no unfulfilled conditions or contingencies relating to these subsidies.

6. PROFIT BEFORE TAX

	Unaudited Six months ended 30 June 2017 *HK$'000*	Unaudited Six months ended 30 September 2016 *HK$'000*
The Group's profit before tax is arrived at after charging:		
Cost of sales		
Cost of inventories sold	**500,120**	520,300
Amortisation of intangible assets*	**29,546**	28,003
Cost of services provided	**263,656**	235,570
	793,322	783,873
Depreciation	**2,802**	2,719
Employee benefits expenses (exclusive of directors' remuneration)	**21,199**	23,525
Directors' remuneration	**5,796**	1,596

* The amortisation of intangible assets for the period is included in "**Cost of sales**" in the condensed consolidated statement of profit or loss and other comprehensive income.

7. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "**BVI**"), the Group is not subject to any income tax in the Cayman Islands and the BVI. No provision for Hong Kong profits tax has been made for the six months ended 30 June 2017 as there was no assessable profits generated (six months ended 30 September 2016: 16.5%) on the estimated assessable profits arising in Hong Kong for the period.

Chongqing Bisu Yunbo Motor Technology Limited, a wholly-owned subsidiary of the Group, is subject to a preferential corporate income tax ("**CIT**") rate of 15% (six months ended 30 September 2016: 15%).

	Unaudited Six months ended 30 June 2017	Unaudited Six months ended 30 September 2016
	HK$'000	*HK$'000*
Current charge for the period		
— Hong Kong profits tax	**3**	—
— PRC CIT	**14,131**	15,110
— Deferred	**(4,432)**	(4,200)
Total tax charge for the period	**9,702**	10,910

8. DIVIDEND

The Board does not recommend payment of any interim dividend for the six months ended 30 June 2017 (six months ended 30 September 2016: nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculation of the basic earnings per share for the six months ended 30 June 2017 and 30 September 2016 are based on the consolidated profit attributable to owners of the Company and the weighted average number of 200,000,000 ordinary shares in issue during the period.

No adjustment has been made to the basic earnings per share amount presented for the six months ended 30 June 2017 in respect of a dilution as the impact of the convertible bonds had an anti-dilutive effect on the basic earnings per share amount presented.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2017 and 30 September 2016 as the Company had no potentially dilutive ordinary share in issue during those periods.

10. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	Contingent consideration — profit guarantee
	HK$'000
At 1 April 2016 (Audited)	9,636
Change in fair value	(6,725)
At 31 December 2016 and 1 January 2017 (Audited)	2,911
Change in fair value	(284)
At 30 June 2017 (Unaudited)	**2,627**

Pursuant to the Engines SPA, Power Expert Global Limited ("**Power Expert**") has warranted and guaranteed to the Group that the audited consolidated profit after tax of the Automotive Engines Group (as defined below) (excluding any fair value adjustments arising from purchase price allocation upon the completion of the Engines Acquisition (as defined below) by the Group) as prepared in accordance with HKFRSs, for the two years ending 28 February 2017 and 2018 shall not be less than HK$170,000,000 (the "**1st Guaranteed Profit**") and HK$230,000,000 (the "**2nd Guaranteed Profit**") (collectively, the "**Guaranteed Profit**"), respectively.

In the event that the Guaranteed Profit has not been achieved, Power Expert shall compensate the Group. Details of the calculation of the compensation are set out in the Group's circular dated 19 January 2016.

The fair value of the profit guarantee was HK$2,627,000 as at 30 June 2017, which was determined by an independent professional valuer, based on the probabilistic flow method in which the cash flows for each year represent the difference between the guaranteed profit and the projected net profit. The directors of the Company estimated the projected net profits of the Automotive Engines Group (as defined below) under two different scenarios with respective scenario probabilities. The fair value of the profit guarantee was the probability-weighted average of the present values of the shortfalls between the guaranteed profits and the projected net profits under the four scenarios. A discount rate of 6.02% has been used to calculate the present value of cash flows of the profit guarantee.

Below is a summary of a significant unobservable input to the valuation of the contingent consideration together with a quantitative sensitivity analysis as at 30 June 2017:

	Valuation technique	**Significant unobservable input**	**Sensitivity of fair value to the input**
Discounted financial instrument in respect of the profit guarantee	Probabilistic flow method	Discount rate 6.02%	1% increase/(decrease) in discount rate would result in (decrease)/increase in fair value by HK$16,000

11. ACCOUNTS AND BILLS RECEIVABLES

Accounts and bills receivables represented receivables for contract work and sale of automotive engines. The payment terms of contract work receivables are stipulated in the relevant contracts and the credit period is generally one month. The payment terms for receivables arising from sales of automotive engines are mainly on credit and the credit period is generally three months. The payment terms of bills receivable are stipulated in the relevant bills receivable from bank and its maturity period is ranging from 90 to 180 days. The carrying amounts of accounts and bills receivables approximate to their fair values.

	Unaudited 30 June 2017	Audited 31 December 2016
	HK$'000	*HK$'000*
Accounts receivable	**930,896**	1,320,537
Bills receivable	**399,296**	72,060
	1,330,192	1,392,597

As at 30 June 2017, retentions receivable included in accounts receivable amounted to HK$170,700,000 (31 December 2016: HK$155,700,000) and are repayable on terms ranging from two to three years.

The ageing analysis of the accounts receivable that are not individually nor collectively considered to be impaired is as follows:

	Unaudited 30 June 2017	Audited 31 December 2016
	HK$'000	*HK$'000*
Past due but not impaired:		
One to three months past due	**303,559**	5,324
Four to six months past due	**76,496**	225
Over six months past due	**663**	209
	380,718	5,758
Neither past due nor impaired	**550,178**	1,314,779
	930,896	1,320,537

As at 30 June 2017 and 31 December 2016, the bills receivable, based on the issue date, aged from one to two months. Accounts receivable that were past due but not impaired relate to a few number of major customers that have a good track record with the Group. Based on past experience, the directors are of the opinion that no allowance for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances. Accounts receivable that are neither past due nor impaired relate to a few number of major customers for whom there was no recent history of default.

11. ACCOUNTS AND BILLS RECEIVABLES *(Continued)*

As at 25 August 2017, approximately HK$300,428,000 of the Group's trade receivables as at 30 June 2017 were subsequently settled.

12. ACCOUNTS PAYABLE

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

	Unaudited 30 June 2017	Audited 31 December 2016
	HK$'000	*HK$'000*
Current to three months	**887,429**	927,251
Four to six months	**12,848**	3,262
Over six months	**1,556**	1,235
	901,833	931,748

As at 30 June 2017, retentions payable included in accounts payable amounted to HK$9,164,000 (31 December 2016: HK$7,978,000), which are normally settled on terms ranging from two to three years. The carrying amounts of accounts payable approximate to their fair values.

Accounts payable are non-interest bearing and are normally settled on terms ranging from 7 to 120 days. The payment terms are stipulated in the relevant contracts.

13. CONVERTIBLE BONDS

The convertible bonds recognised in the consolidated statement of financial position are bifurcated into two components for accounting purpose, namely the liability component and the equity component, and the movements of these components during the reporting period are as follows:

	Liability component	**Equity component**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
At 1 April 2016 (Audited)	340,316	390,716	731,032
Interest expense	19,502	—	19,502
At 31 December 2016 and 1 January 2017 (Audited)	359,818	390,716	750,534
Interest expense	13,840	—	13,840
At 30 June 2017 (Unaudited)	**373,658**	**390,716**	**764,374**

13. CONVERTIBLE BONDS *(Continued)*

On 4 February 2016, the Company issued zero coupon convertible bonds with an aggregate principal amount of HK$390,000,000 to Power Expert as part of the consideration for the Engines Acquisition (as defined below). The maturity date of the convertible bonds is on the second anniversary of the date of issuance (i.e. 3 February 2018). The convertible bonds bear no interest on the principal amount. No security or guarantee is granted in respect of the convertible bonds. The convertible bonds can be converted into 195,000,000 ordinary shares in the Company at the initial conversion price of HK$2.00 per conversion share (subject to adjustment pursuant to the terms of the convertible bonds). The Company may at any time before the maturity date by written notice redeem the convertible bonds at 100% of the principal amount. Any amount of the convertible bonds which is redeemed by the Company will forthwith be cancelled. As the convertible bonds due within one year, the liability component of HK$373,658,000 was reclassified to current liabilities as at 30 June 2017.

On the same day, the convertible bonds with an aggregate principal amount of HK$390,000,000 were deposited with an escrow agent in favour of the Company as security for the 1st Guaranteed Profit and the 2nd Guaranteed Profit. The convertible bonds in the principal amounts of HK$165,750,000 and HK$224,250,000 shall be released to Power Expert if the audited consolidated profits after tax of the Automotive Engines Group (as defined below) for the two years ending 28 February 2017 and 2018 are equal to or more than the 1st Guaranteed Profit and the 2nd Guaranteed Profit, respectively, after the issue of the auditors' certificate for each period. As at 30 June 2017, the convertible bonds in the principal amount of HK$165,750,000 was released to Power Expert and no convertible bonds were converted and the outstanding principal amount of the convertible bonds was HK$390,000,000.

14. PROMISSORY NOTES

	Unaudited 30 June 2017	Audited 31 December 2016
	HK$'000	*HK$'000*
First Note	**200,724**	192,170
Second Note	**272,534**	261,768
	473,258	453,938

Notes:

On 4 February 2016, the Company issued two promissory notes with face values of HK$174,250,000 (the "**First Note**") and HK$235,750,000 (the "**Second Note**") in favour of Power Expert as part of the consideration for the Engines Acquisition (as defined below). Both the First Note and Second Note carry interest at a rate of 10% per annum. The outstanding principal amounts plus any accrued interest will be repayable on the maturity date falling on the second anniversary of the date of the First Note and Second Note, i.e. 3 February 2018. The carrying amounts of the First Note and Second Note at period end were computed by discounting the face values of the notes by the effective interest rate.

14. **PROMISSORY NOTES** *(Continued)*

As at 30 June 2017, the promissory notes with an aggregate face value of HK$410,000,000 were deposited with an escrow agent in favour of the Company as security for the 1st Guaranteed Profit and the 2nd Guaranteed Profit. The promissory notes in the face values of HK$174,250,000 and HK$235,750,000 shall be released to Power Expert if the audited consolidated profits after tax of the Automotive Engines Group (as defined below) for the two years ending 28 February 2017 and 2018 are equal to or more than the 1st Guaranteed Profit and the 2nd Guaranteed Profit, respectively, after the issue of the auditors' certificate for each period. As at 30 June 2017, the promissory notes in the face value of HK$174,250,000 was released to Power Expert and no promissory notes were repaid and the outstanding principal amount of the promissory notes was HK$410,000,000. As the promissory notes due within one year, the liability component of HK$473,258,000 was reclassified to current liabilities as at 30 June 2017.

15. **CONTINGENT LIABILITIES**

As of 30 June 2017, the Group had the following contingent liabilities:

(a) The guarantees given by the Group to certain banks in respect of performance bonds in favour of certain contract customers amounted to HK$24,573,000 (31 December 2016: HK$24,446,000).

At 30 June 2017 and 31 December 2016, the Company had given unlimited performance guarantees in favour of a customer for contract works (the "**Contract Customer**") in respect of losses, claims, damages, costs and expenses caused by non-compliance with the terms and conditions of the construction contract entered into between the Group and the Contract Customer.

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND FINANCIAL REVIEW

During the six months under review, the Group was engaged in two business segments, which are (i) the Automotive Engines Business; and (ii) the Civil Engineering and Construction Business.

For the six months ended 30 June 2017, the Group achieved a consolidated revenue of approximately HK$873.9 million representing a slight increase of approximately 0.8% as compared to approximately HK$867.3 million for the six months ended 30 September 2016. The increase in revenue mainly due to an increase in the contract revenue from the Civil Engineering and Construction Business. Profit for the period attributable to shareholders was approximately HK$13.1 million (six months ended 30 September 2016: profit of approximately HK$20.1 million).

Basic and diluted earnings per share for the six months ended 30 June 2017 were approximately HK$6.6 cents and HK$6.6 cents respectively (six months ended 30 September 2016: basic and diluted profit per share of approximately HK$10.0 cents).

Automotive Engines Business

The Group aims to produce and distribute high quality products at a competitive price point through extensive research and development to identify innovative solutions to increase cost efficiency and product quality. Through a selective procurement process, the Group sources materials from renowned suppliers who can consistently deliver top notch materials in an efficient and cost-effective manner. As consumers continue to demand higher capacity engines in motor vehicles, the Group is well-positioned to take advantage of a robust growth through both the regular and turbo engines.

During the six months ended 30 June 2017, the revenue of the Automotive Engines Business was approximately HK$601.6 million (six months ended 30 September 2016: approximately HK$625.9 million), representing a decrease of approximately 3.9% as compared to the six months ended 30 September 2016.

Excluding the amortisation of intangible assets amounting to approximately HK$29.5 million (six months ended 30 September 2016: approximately HK$28.0 million), the gross profit margin of the Automotive Engines Business increased from approximately 40.0% for the six months ended 30 September 2016 to approximately 42.8% for the six months ended 30 June 2017. The increase in gross profit margin was a result of additional cost savings and increased efficiency on the production line identified through research and development.

The segment results of the Automotive Engines Business reached approximately HK$95.4 million (six months ended 30 September 2016: approximately HK$93.1 million) excluding the amortisation of intangible assets and deferred tax credit amounting to approximately HK$29.5 million (six months ended 30 September 2016: approximately HK$28.0 million) and approximately HK$4.4 million (six months ended 30 September 2016: approximately HK$4.2 million) respectively, which merely represented an accounting treatment on the acquisition but no cash flow effect to the Group.

During the six months ended 30 June 2017, the 1st Guaranteed Profit was already achieved. Driven by the increasing demand and consumer spending on automotive and positive results during the reporting period, the Board is confident of good prospects with healthy and sustainable growth in the Automotive Engines Business and expect the revenue stream of the Group would be further strengthened in the second half year.

Strategic Cooperation Agreement

On 20 October 2016, ChongQing Xunli Commercial Management Limited ("**ChongQing Xunli**"), a wholly owned subsidiary of the Company, and ChongQing North Automobile Company Limited ("**ChongQing North Automobile**") entered into a strategic cooperation agreement (the "**Strategic Cooperation Agreement**"), in relation to the provision of services and advices to ChongQing North Automobile by ChongQing Xunli including but not limited to business production and operation management, consultation of sales service and the support and expansion of sales channel.

Pursuant to the Strategic Cooperation Agreement, ChongQing North Automobile shall pay ChongQing Xunli an annual basic service fee of RMB 2,000,000 and an additional service commission fee, which is calculated in accordance with the net profit of ChongQing North Automobile. For the six months ended 30 June 2017, approximately RMB1,000,000 (equivalent to approximately HK$1,130,000) of management fee income was generated from this service provision. Further details of which are set out in the Company's announcement dated 20 October 2016.

Civil Engineering and Construction Business

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

During the six months ended 30 June 2017, the revenue of Group's civil engineering works and building construction and maintenance works were approximately HK$272.2 million (six months ended 30 September 2016: approximately HK$241.3 million). For the period under review, included in the turnover was: (i) revenue from civil engineering works of approximately HK$242.2 million (six months ended 30 September 2016: approximately HK$225.4 million); and (ii) revenue from building construction and maintenance works of approximately HK$30.0 million (six months ended 30 September 2016: approximately HK$15.9 million).

The overall gross profit margin of this segment was 3.2% for the six months ended 30 June 2017 (six months ended 30 September 2016: 2.4%). As of 30 June 2017, the Group had 17 significant projects in progress. Two of them were building construction and maintenance projects while the remaining were civil engineering construction projects.

As of 30 June 2017, the total contract sum and the total outstanding values of the Group's substantial projects in progress were approximately HK$2,086.0 million and HK$420.0 million respectively.

Civil Engineering and Construction Business *(Continued)*

During the six months ended 30 June 2017, the Group was awarded with the following new substantial contracts:

- Provision of Barrier-free Access Facilities for Highway Structures — Phase 3 Contract 8
- Term Contract for Provision of Civil Engineering Works for the Telecommunication Networks and Associated Facilities
- Provision of Integrated Field Works for Field Services in NTC region

PROSPECTS

The Automotive Engines Business became a principal activities of the Group for the six months ended 30 June 2017. China's Automobile Manufacturing industry has seen significant growth in recent years. With strong support from the Chinese government, this industry is expected to experience steady and substantial growth over the next five years. The key drivers for future growth include China's substantial domestic demand, particularly in rural regions, government support, and the development of more foreign markets. The Group remains optimistic on the demand of automotive engines and thus stimulating the Automotive Engines Business.

The Group will continuously focus on research and development to develop automotive engines with high quality and advanced features to enhance market penetration and brand recognition. Also, expanding distribution channels and sourcing other suppliers to provide materials with stable quality and with lower cost are the future goals to enhance competitiveness from the automotive engines market. The Group strives to develop the Automotive Engines Business.

During the period, there was fierce competition for tenders in the construction market. Continuously rising wages and cost of construction materials also remain a concern. The Group will make use of its competitive strengths by continuing to improve its quality of service and competitiveness to capitalise on the trend of increasing civil engineering construction works projects in Hong Kong.

Looking ahead, the Group remains optimistic on the business outlook for the years ahead. Through diversification into the automotive industry with the acquisition of the Automotive Engines Business, the Group believes that the additional streams of revenue will strengthen the financial position of the Group. Despite the current competitive market, the Group will continue to deliver quality products at a competitive price point to achieve sustainable long term growth.

CAPITAL STRUCTURE, FINANCIAL RESOURCES, LIQUIDITY AND GEARING RATIO

As at 30 June 2017, the Group had cash and cash equivalents of approximately HK$22.9 million, representing a decrease of approximately 7.9% from approximately HK$24.9 million as at 31 December 2016. The decrease was mainly attributable to the net cash outflow from operating activities in respect of the Group's business. The Group had not pledged any bank deposits for the bank loans.

The Group's cash and cash equivalents were denominated in HK$ and RMB.

As at 30 June 2017, the total assets were approximately HK$2,586.9 million, representing a decrease of approximately 0.3% from approximately HK$2,594.8 million as at 31 December 2016. The decrease was mainly due to the decrease in accounts and bills receivables and tax recoverable which increase represented at approximately HK$62.4 million and HK$3.2 million, respectively.

As at 30 June 2017, the total liabilities were approximately HK$1,979.8 million, representing a decrease of approximately 3.1% from approximately HK$2,043.4 million as at 31 December 2016. The decrease was mainly due to the decrease in the other payables and accruals and accounts payable by approximately HK$41.9 million and HK$29.9 million, respectively.

As at 30 June 2017, the net current liabilities were approximately HK$380,541,000 (31 December 2016: net current assets of approximately HK$381,397,000). The turnaround was mainly due to the convertible bonds and promissory notes of HK$373,658,000 and HK$473,258,000 respectively were reclassified from non-current liabilities to current liabilities as due within one year. Current ratio is calculated by dividing current assets by current liabilities. Current ratio of the Group was approximately 0.8 as at 30 June 2017 (31 December 2016: approximately 1.3). Gearing ratio is calculated based on the amount of net cash and bank balances (interest-bearing borrowings, liability component of the convertible bonds and promissory notes less cash and cash equivalent) divided by the total equity. As at 30 June 2017, the Group's gearing ratio was therefore approximately 140.9% (31 December 2016: approximately 146.7%.)

As at 30 June 2017, the Group had banking facilities of HK$30.0 million (31 December 2016: HK$30.0 million) which was not utilised and was secured by corporate guarantees.

CONVERTIBLE BONDS

On 4 February 2016, the Company issued zero coupon convertible bonds with an aggregate principal amount of HK$390.0 million to Power Expert as part of the consideration for the acquisition of 100% equity interest in Well Surplus Enterprises Limited and its subsidiaries (the "**Automotive Engines Group**") in October 2015 (the "**Engines Acquisition**"). The maturity date of the convertible bonds is on the second anniversary of the date of issuance (i.e. 3 February 2018). The convertible bonds bear no interest on the principal amount. No security or guarantee is granted in respect of the convertible bonds. The convertible bonds can be converted into 195,000,000 ordinary shares in the Company at the initial conversion price of HK$2.00 per conversion share (subject to adjustment pursuant to the terms of the convertible bonds). The Company may at any time before the maturity date by written notice redeem the convertible bonds at 100% of the principal amount. Any amount of the convertible bonds which is redeemed by the Company will forthwith be cancelled. At 30 June 2017 and 31 December 2016, no convertible bonds were converted and the outstanding principal amount of the convertible bonds was HK$390.0 million.

CONTINGENT LIABILITIES

Details of the Group's and the Company's contingent liabilities are set out in note 15 to the condensed consolidated interim financial information.

CHANGE OF COMPANY NAME

Subsequent to the passing of a special resolution in relation to the change of company name by the shareholders of the Company at the extraordinary general meeting of the Company held on 16 January 2017, the Certificate of Incorporation on Change of Name of the Company was issued by the Registrar of Companies in the Cayman Islands regarding the change of the English and Chinese names of the Company to "Bisu Technology Group International Limited" and "比速科技集團國際有限公司" respectively, with effect from 16 January 2017. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 2 February 2017 confirming the registration of the new English and Chinese names of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Completion of Change of Company Name**"). Further details of the Completion of Change of Company Name are set out in the Company's announcements dated 16 January 2017 and 6 February 2017.

CHANGE OF DIRECTORS AND COMMITTEE MEMBER

With effect from 1 March 2017, Mr. Lo Kin Ching Joseph has been appointed as the chairman of the Board (the "**Chairman**") and an executive Director and the chairman of the nomination committee of the Company (the "**Nomination Committee**") (the "**Appointment**"). Ms. Liu Yan has resigned as the chief executive officer of the Company and an executive Director with effect from 1 March 2017 due to other business engagement which requires more of her attention and dedication (the "**Resignation**"). Mr. Wong Hin Shek has ceased to be the Chairman and the chairman of the Nomination Committee, but has been appointed as the chief executive officer of the Company and remains to be an executive Director and a member of the Nomination Committee all with effect from 1 March 2017 (the "**Re-designation**"). Further details of the Appointment, the Resignation and the Re-designation are set out in the Company's announcement dated 1 March 2017.

EXCLUSIVITY AGREEMENT IN RELATION TO THE POSSIBLE ACQUISITION

On 16 June 2017, Mr. Au Kwai Ting, an independent third party (the "**Prospective Vendor**") and Future Marvel Limited, a wholly-owned subsidiary of the Company, entered into the non-legally binding exclusivity agreement dated 16 June 2017 (the "**Exclusivity Agreement**") in relation to the proposed acquisition of the target company. The group of the target company is principally engaged in the research, development, manufacture and sale of automobile engines, components and parts.

On 18 August 2017, Future Marvel Limited, entered into an extension letter with the Prospective Vendor pursuant to which the parties have agreed to, among others, extend the exclusivity period from 15 August 2017 to 18 October 2017. Further details of the Exclusivity Agreement are set out in the company announcements dated 16 June 2017 and 18 August 2017.

EVENT AFTER THE REPORTING PERIOD

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

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2017, the Group had approximately 789 employees (31 December 2016: 793) in Hong Kong and the PRC. The Group's remuneration policy is reviewed periodically and determined by reference to market terms, company performance, and individual qualifications and performance. Other staff benefits include bonuses awarded on a discretionary basis, mandatory provident fund scheme for Hong Kong employees, state-sponsored retirement plans for PRC employees.

NO MATERIAL CHANGE

Save as disclosed above, during the six months ended 30 June 2017, there has been no material change in the Group's financial position or business since the publication of the latest annual report of the Company for the nine months ended 31 December 2016.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2017 (six months ended 30 September 2016: Nil).

REVIEWED BY AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, Mr. Chan Kai Wing (Chairman), Ms. Chu Yin Yin Georgiana and Mr. Yip Tai Him, with written terms of reference in accordance with the requirements of the Listing Rules, and reports to the Board. The Audit Committee has reviewed with management the principal accounting policies adopted by the Group and discussed internal controls and financial reporting matters including a review of the Group's unaudited condensed consolidated interim financial information for the six months ended 30 June 2017.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period under review.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders of the Company and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules since 11 December 2013, the date on which dealings in its shares first commence on the Stock Exchange. For the six months ended 30 June 2017, the Company has complied with the code provisions set out in the CG Code with the following exception:

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' dealings in the Company's securities. Following specific enquiry made to the Directors, each of them has confirmed their compliance with the required standard set out in the Model Code throughout the period from 1 January 2017 to 30 June 2017.

SUFFICIENCY OF PUBLIC FLOAT

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

PUBLICATION OF THE INTERIM RESULTS AND 2017 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.bisu-tech.com). The 2017 interim report of the Company, containing all the information required by the Listing Rules, will be despatched to the shareholders of the Company and published on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to express my heartfelt gratitude to all of our staff for their hard work and dedication. I would also like to thank our business partners and associates, bankers and auditors for their continued trust, as well as you, our shareholders, for your constant support.

By order of the Board
Bisu Technology Group International Limited
Lo Kin Ching Joseph
Chairman

Hong Kong, 25 August 2017

As at the date of this announcement, the executive Directors are Mr. Lo Kin Ching Joseph, Mr. Wong Hin Shek and Mr. Xing Bin; and the independent non-executive Directors are Ms. Chu Yin Yin, Georgiana, Mr. Yip Tai Him and Mr. Chan Kai Wing.