

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



HYBRID KINETIC GROUP LIMITED

正道集團有限公司

(incorporated in Bermuda with limited liability)

(Stock code: 1188)

PROPOSED CHANGE OF AUDITORS

This announcement is made by the board of directors (the “**Board**” or the “**Directors**”) of Hybrid Kinetic Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Board announces that on 21 April 2017, the Company gave notice to BDO Limited that it would terminate the engagement of BDO Limited as external auditors of the Company with effect from 21 April 2017.

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on Monday, 3 April 2017 pending the publication of the annual results of the Group for the year ended 31 December 2016 (the “**2016 Annual Results**”). The Board is desirous, and has conveyed to BDO Limited of its intention, to publish the 2016 Annual Results as early as practicable. BDO Limited is, however, yet to commit to the Company a concrete timetable for conclusion of the audit in respect of the 2016 Annual Results, as this would first require the consideration of, among other factors, an assessment of the time that they might require to review the sufficiency

of the Company's response and the information (including but not limited to details of the Group's other receivables, legal proceedings with Townsend Ventures LLC, XALT Energy LLC and XALT Energy MI, LLC, available-for-sale financial assets and finance lease receivables) requested and to be provided by the Company in support of their audit work. The above indication from BDO Limited falls short of the Board's expectation for its lack of certainty.

After due and careful consideration, the Board has resolved to (i) terminate the engagement of BDO Limited as external auditors of the Company; and (ii) engage ZHONGHUI ANDA CPA LIMITED to fill the vacancy, subject to the approval by the shareholders of the Company (the "Shareholders") at a special general meeting (the "SGM") to be convened and held by the Company.

A circular containing, among others, further information on the proposed change of auditors together with a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

Further, as BDO Limited has observed some indications of possible deficiencies in the internal control of the Group during their audit of the 2016 Annual Results, the Company will for the sake of good corporate governance take steps to identify and engage professional internal control advisers to review the adequacy and effectiveness of the Company's internal control system and provide, if appropriate, recommendations to the Company to strengthen the system.

Save as disclosed in the Company's announcements dated 31 March 2017, 19 April 2017 and this announcement, the Board has confirmed that there are no other matters or circumstances in connection with the delay in publication of the 2016 Annual Results and/or the change of auditors that need to be brought to the attention of the Shareholders.

The Board would like to take this opportunity to express its gratitude to BDO Limited for its professional services and support rendered to the Group in the past years.

By order of the Board
Hybrid Kinetic Group Limited
Yeung Yung
Chairman

Hong Kong, 21 April 2017

As at the date of this announcement, the Board comprises ten executive Directors, namely Dr Yeung Yung (Chairman), Mr Xu Jianguo (Chief Executive Officer), Mr Hui Wing Sang, Wilson (Deputy Chairman), Dr Huang Chunhua (Deputy Chairman), Dr Wang Chuantao (Deputy Chairman), Mr Liu Stephen Quan, Dr Zhu Shengliang, Mr Li Zhengshan, Mr Ting Kwok Kit, Johnny and Mr Chen Xiao, one non-executive Director, namely Dr Xia Tingkang, Tim and six independent non-executive Directors, namely Mr Wong Lee Hing, Dr Song Jian, Dr Zhu Guobin, Mr Cheng Tat Wa, Dr Li Jianyong and Mr Chan Sin Hang.