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

(incorporated in Bermuda with limited liability)

(Stock code: 1188)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

The board of directors (the "Board" or the "Directors") of Hybrid Kinetic Group Limited (the "Company") would like to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (together the "Group") for the six months ended 30 June 2017 (the "Period") together with the comparative figures for the corresponding period in 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

		Six months ended 30 June	
		2017	2016
	Notes	***HK\$'000***	*HK\$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**525**	13,810
Cost of sales		**(88)**	(10,983)
Gross profit		**437**	2,827
Other income		**3,721**	8,333
Distribution costs and general operating expenses		**(175,752)**	(148,035)
Share of results of associates		**(1,239)**	(28)

	Notes	Six months ended 30 June **2017** ***HK$'000*** **(Unaudited)**	 2016 *HK$'000* (Unaudited)
Loss before tax		**(172,833)**	(136,903)
Income tax expense	*5*	**(137)**	(528)
Loss for the period	*6*	**(172,970)**	(137,431)
Other comprehensive loss:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations – Group		**8,623**	(9,920)
Exchange differences on translating foreign operation – associates		**1,542**	–
Other comprehensive loss for the period		**10,165**	(9,920)
Total comprehensive loss for the period		**(162,805)**	(147,351)
Loss for the period attributable to:			
Owners of the Company		**(171,314)**	(136,781)
Non-controlling interests		**(1,656)**	(650)
		(172,970)	(137,431)
Total comprehensive loss for the period attributable to:			
Owners of the Company		**(161,987)**	(146,552)
Non-controlling interests		**(818)**	(799)
		(162,805)	(147,351)
Loss per share	*8*		
Basic and diluted *(cents per share)*		**0.84**	0.67

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	**As at 30 June 2017 HK$'000 (Unaudited)**	As at 31 December 2016 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	*9*	**79,000**	80,329
Investment in associates		**35,684**	38,465
Available-for-sale financial assets	*10*	**279,653**	72,188
Prepayments		**17,194**	33,669
Finance lease receivables		**841**	1,639
		412,372	226,290
Current assets			
Inventories	*11*	**104,041**	97,270
Finance lease receivables		**1,471**	15,154
Trade and other receivables	*12*	**548,925**	869,724
Derivative financial instrument		**4,260**	4,260
Tax receivables		**360**	–
Pledged bank deposits		**2,007**	2,007
Bank and cash balances		**676,957**	695,258
		1,338,021	1,683,673
Current liabilities			
Trade and other payables	*13*	**50,833**	48,247
Current tax liabilities		**–**	298
		50,833	48,545
Net current assets		**1,287,188**	1,635,128
NET ASSETS		**1,699,560**	1,861,418
Capital and reserves			
Share capital		**2,033,787**	2,033,787
Reserves		**(367,488)**	(206,448)
Equity attributable to owners of the Company		**1,666,299**	1,827,339
Non-controlling interests		**33,261**	34,079
TOTAL EQUITY		**1,699,560**	1,861,418

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

1. GENERAL INFORMATION

Hybrid Kinetic Group Limited was incorporated in Bermuda as an exempted company with limited liability. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The address of its principal place of business is Suites 1407-8, 14th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and have been suspended for trading since 3 April 2017.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (together referred to as the "Group") were development of advanced batteries materials and development of high-tech electric motor vehicles.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (the "HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2017. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards (the "HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of those new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

3. REVENUE

Revenue recognised during the period is as follows:

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Sales of high-tech electric motor vehicles	**–**	7,844
Sales of battery management systems and spare parts	**89**	5,295
Interest income from finance leasing	**436**	671
	525	13,810

4. SEGMENT INFORMATION

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

	High-tech electric motor vehicles	**Advanced batteries materials**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Period ended 30 June 2017:			
Revenue	**525**	**–**	**525**
Segment loss	**(83,040)**	**(1,153)**	**(84,193)**
At 30 June 2017:			
Segment assets	**984,430**	**19,412**	**1,003,842**
Segment liabilities	**5,721**	**88**	**5,809**
Period ended 30 June 2016:			
Revenue	13,810	–	13,810
Segment loss	(38,350)	(1,593)	(39,943)
At as 31 December 2016:			
Segment assets (Audited)	939,826	18,581	958,407
Segment liabilities (Audited)	16,700	102	16,802

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

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue:		
Total revenue of reportable segments and consolidated revenue	**525**	13,810
Profit or loss:		
Total loss of reportable segments	**(84,193)**	(39,943)
Corporate and unallocated profit or loss	**(87,693)**	(96,960)
Share-based payment	**(947)**	–
Income tax expense	**(137)**	(528)
Consolidated loss for the period	**(172,970)**	(137,431)

	At 30 June	At 31 December
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Assets:		
Total assets of reportable segments	**1,003,842**	958,407
Corporate and unallocated assets:		
– Available-for-sale financial asset	**279,653**	72,188
– Bank and cash balances held by the Group's headquarters	**203,843**	225,436
– Tax receivables	**360**	–
– Others	**262,695**	653,932
Consolidated total assets	**1,750,393**	1,909,963
Liabilities:		
Total liabilities of reportable segments	**5,809**	16,802
Corporate and unallocated liabilities		
– Tax payable	**–**	298
– Others	**45,024**	31,445
Consolidated total liabilities	**50,833**	48,545

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax – PRC Enterprise Income Tax		
– Provision for the period	**137**	528

6. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging the following:

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**88**	10,983
Depreciation	**9,395**	5,605
Operating lease charges in respect of land and buildings	**15,309**	13,520
Research and development costs	**6,494**	20,757
Staff costs including directors' emoluments		
– Salaries, bonus and allowances	**61,337**	52,572
– Equity-settled share-based payments	**947**	–
– Retirement benefits scheme contributions	**2,381**	1,349
	64,665	53,921

7. DIVIDENDS

The Directors do not recommend or declare the payment of any dividend in respect of the periods ended 30 June 2017 and 2016.

8. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for period attributable to owners of the Company of approximately HK$171,314,000 (2016: approximately HK$136,781,000) and the weighted average number of 20,337,872,000 (2016: 20,336,102,000) ordinary shares in issue during the period.

Diluted loss per share

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary share during the periods ended 30 June 2017 and 2016.

9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment of approximately HK$6,795,000 (2016: approximately HK$15,796,000).

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

During the six months ended 30 June 2017, 連雲港正道新能源汽車系統集成有限公司(“LYG Hybrid Kinetic”), a wholly owned subsidiary of the Company, entered into a joint venture agreement (as revised) (the “JV Agreement”) with 北京威卡威汽車零部件股份有限公司(“Beijing WKW”) and 北京致云資產管理有限公司 (“Beijing Zhi Yun”) (together the“JV partners”) for the establishment of 寧波京威動力電池有限公司 (“Ningbo JV”) with registered capital of RMB2,000 million. The Group had undertaken to contribute RMB180,000,000. Ningbo JV is a limited liability company established in the PRC under the PRC Law, which does not have quoted market price in an active market. The Group intended to hold the investment for long-term capital appreciation and had no intention to dispose of the investment in the near future. As at 30 June 2017, the Group held 9% equity interest in Ningbo JV.

11. INVENTORIES

	At 30 June 2017	At 31 December 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Raw materials	**14,020**	8,934
Work in progress	**26**	667
Finished goods	**89,793**	87,592
Consumables	**202**	77
	104,041	97,270

12. TRADE AND OTHER RECEIVABLES

	At 30 June 2017	At 31 December 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**–**	304
Less: impairment losses	**–**	–
	–	304
Prepayments	**396,026**	396,446
Deposits and other receivables	**149,928**	471,253
Amounts due from directors	**2,971**	1,721
	548,925	869,724

Included in prepayments represent amount prepayments to suppliers of approximately HK$335,475,000 (2016: approximately HK$338,502,000), prepayment for acquisition of a subsidiary of HK$Nil (2016: approximately HK$29,503,000), prepayment for research and development projects of approximately HK$59,107,000 (2016: approximately HK$27,026,000), and prepayment for other expenses.

As at 30 June 2017, deposit and other receivables included a balance of approximately HK$58,331,000 (2016: approximately HK$359,681,000) carries interest rate ranged at 5.6% (2016: ranged from 1.5% to 8%) per annum, repayable within one year and is secured by equity interest of the debtor, being an unlisted limited liability company, and guarantees provided by the related parties of the debtor. The directors of the Company monitored the collectibility of these receivables closely with reference to their respective current creditworthiness and repayment records. As at 30 June 2017, all these receivables were neither past due nor impaired and in the process of renewal. The management believes that no impairment allowance is necessary in respect of the these receivables as they are considered fully recoverable.

Amounts due from directors are unsecured, interest-free and repayable on demand.

Impairment losses in respect of other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against other receivables directly.

Trade receivables

The Group allows an average credit period of 30 to 90 days to its trade customers. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

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

	At 30 June 2017	At 31 December 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 30 days	**–**	304

13. TRADE AND OTHER PAYABLES

	At 30 June 2017	At 31 December 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables	**1,865**	10,900
Accruals and other payables	**48,968**	37,347
	50,833	48,247

Trade payables

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

	At 30 June 2017	At 31 December 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 180 days	**1,865**	10,900

14. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	At 30 June 2017	At 31 December 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Contracted but not provided for		
Establishment of a subsidiary	**5,759**	5,612
Establishment of a joint venture	**103,668**	101,007
Purchase of property, plant and equipment	**13,131**	12,794
	122,558	119,413

15. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these Interim Financial Statements, the Group had no other transactions and balances with its related parties during the period.

MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION

Overview

During the Period, the principal businesses of the Group included:

- the development of high-tech electric motor vehicles (comprising primarily electric buses, engine and related battery cells and a new micro turbine generator range extended electric sedan（新型渦輪增程電動橋車）); and

- the development and/or production of advanced batteries materials (including key new energy automobile components and single and few-layer graphene（單層石墨烯）).

The Group's revenue for the Period amounted to approximately HK$0.5 million (of which HK$0.4 million was derived from interest income from our finance leasing business and the remaining was from the sale of battery cells) as compared to approximately HK$13.8 million in the same period of last year. The gross profit for the Period amounted to approximately HK$0.4 million as compared to approximately HK$2.8 million in the same period of last year. The gross profit for the Period was primarily attributable to interest income from finance leasing business and the sale of battery cells. The loss attributable to shareholders for the Period amounted to approximately HK$171.3 million (2016: HK$136.8 million). The loss for the Period was mainly attributable to the increase in operating and administrative expenses.

The operating and administrative expenses for the Period increased to approximately HK$175.8 million (2016: HK$148.0 million) which consisted of research and development expenses of HK$6.5 million (2016: HK$20.8 million), operating lease charges in respect of land and buildings of HK$15.3 million (2016: HK$13.5 million, employee benefit expense (including wages and salaries, pension costs and other benefits) of HK$64.7 million (2016: HK$53.9 million) and depreciation expenses of HK$9.4 million (2016: HK$5.6 million).

Electric Motor Vehicles Business

The Company has a long-term commitment to the global automobile industry. We believe that the demand for high-tech, clean and sustainable transportation will continue to grow under the global trend of urbanisation and proactive impositions of environmental regulations.

The Company recorded no sales of electric vehicles for the Period due to the sluggish market caused mainly by the reduction of fiscal incentives following the Chinese government's reforms (including the introduction of tightened technical requirements) for China's electric vehicles (EV) markets to curb subsidy fraud in 2016. Nonetheless, the Board remains optimistic that the EV markets will revive in the near future after the market adjustment. As the subsidies will mainly be graded accordingly to the level of technical sophistication, the adjustment in subsidy policy is overall in favour of electric vehicles with advanced technologies. The Company pursues innovativeness, sophistication and excellence in its design and development of electric vehicles. The Board believes that the reformed measures for the EV market will ultimately exert positive impact on the sale of our electric vehicles.

The luxury car segment is projected as the most dynamic and major contribution of revenue in the luxury goods market. There has been an upward trend in the demand for the Chinese luxury car market. The increasingly affluent economy, the rising disposable income, the changing demographics and China's greentech policies have all been working in favour of the Chinese market.

During the Period, in light of the new window of growth opportunities in the luxury car segment, the Group co-operated with Pininfarina S.p.A. ("Pininfarina") in the field of designing, engineering and creating prototypes to commence production for the series development of a new micro-turbine range-extender electric sedan, and subsequently collaborated further in the field of static show car construction primarily covering three show cars (namely one Grand Tourer/Gran Turismo (GT), one Sports Utility Vehicle (SUV) and one Sedan) and, in parallel, the design of one chassis demonstrator. Pininfarina is a renowned Italy automotive design company recognised in the field of design, engineering, prototyping and niche manufacturing of motor vehicles. The cooperation with Pininfarina is one of the Group's strategic moves to open up its business into the luxury car market, and make its name known to more international automobile manufacturers and customers.

In March 2017, the Company participated the Geneva Motor Show in Switzerland for showcased our prototype H600, our selected flagship product and a high end luxury new energy sedan based on micro turbine generator range extender. In April 2017, the Company showcased the prototypes H600, and two sport utility vehicles, namely K550 and K750 in the Shanghai Car Show.

The participation in the international car shows has solicited interests of a number of potential strategic partners (including assets fund entities and municipal authorities in the PRC) to explore possible business or other collaborations with the Group. The Company will update its shareholders of these possible business or other collaborations currently under negotiations as and when appropriate in accordance with the Listing Rules. These collaborations, if materialised, are conducive to the development of the Group's high-tech electric motor vehicles business and its penetration into other provinces of China with untapped potential.

To complement the development of our high-tech electric motor vehicles business, we continue to provide finance leasing arrangement through 上海正道融資有限公司 (HK Leasing Co., Ltd.*), a wholly-owned subsidiary of the Company set up for engaging in the finance-leasing business. The financing flexibility that we make available to potential customers (including but not limited to transportation solutions operators, municipality transit companies or end users) through the provision of finance-leasing is expected to promote the sale and use of electric motor vehicles, and bring steady interest income for the Group.

During the Period, the sale of battery cells in the PRC market had been significantly inhibited due to an ongoing legal proceedings with our supplier of the battery cells (as disclosed in the Company's announcement dated 26 March 2017) as certain customers of the Group had concerns as to whether or not the Group would be able to secure reasonable technical support from its supplier. The matters in dispute under the legal proceedings have not yet been resolved by the parties or finally adjudicated, and no trial date has yet been set. Nonetheless, the Board remains optimistic in the sale of the battery cells as they have a relatively wide application in the automobile and other industries. The Group is also confident that it has the ability to provide or procure to provide the technical support, solutions and services that its customers needed as and when required. The Group has been proactively look for overseas markets (in addition to the PRC market) to boost the sale of the battery cells. With the Group's unweaving efforts, the Board believes that the sale of the battery cells will gradually improve.

Furthermore, the Group and Beijing WKW Automotive Parts Co., Ltd.* ("WKW Equity")（北京威卡威汽車零部件股份有限公司）(a company listed on Shengzhen Stock Exchange) entered into a strategic alliance memorandum to record the parties' strategic cooperation intention to collaborate in, among other areas, the research, development and production of new energy vehicles (including the H600) and subsequent products production, including but not limited to the setting up of research and production bases initially proposed to be in China, North America and Europe. The Board expects that the cooperation with WKW Equity will reap greater synergies, as the parties have their respective required expertise and solid experience in the field of automobile and new energy business.

The Company and WKW Equity have already formed a working group to conduct research on new power batteries through a joint venture. The collaboration is expected to further complement the strength of each other in the respective resource and technology advantages and achieve a more comprehensive strategic cooperation for the sustainable development of a clean energy industry.

For the Period, the revenue and the loss of this segment were approximately HK$0.5 million (2016: HK$13.8 million) and HK$83.0 million (2016: HK$38.4 million).

Advanced Batteries Materials

The Group has been engaging in the promotion of a new energy project (which involved the development of key new energy automobile components) (the "New Energy Project") through 連雲港正道新能源有限公司 (Hybrid Kinetic (Lianyuangang) New Energy Limited, Inc.*) (the "Project Company"), in which the Company holds approximately 77.78% of its total registered capital of US$27,000,000.

The major new energy automobile component under the New Energy Project comprises single and few-layer graphene（單層石墨烯）. Graphene is an ideal material for super batteries（超級電池）, electronic traction motor（電機）and power electronic system（電控系統）for use in electric vehicles.

In addition, the Project Company and HK Graphene Technology Corporation, a subsidiary of the Company in the U.S., have been cooperating in the research and development of graphene super batteries（石墨烯超級電池）(which possess relatively higher energy and power density and long charge and discharge life cycle, have a charging rate which is much faster than normal batteries and can function normally under severe weather condition).

The research and development of the application of graphene for super batteries, electronic traction motor and power electronic system are still underway. The Project Company will commence the application of graphene in the core components in electric vehicles when the technology is mature, which will then be expected to create a source of revenue for the Group.

The revenue was nil for both the Period and the same period of last year and the loss of this segment for the Period were HK$ 1.2 million (2016: HK$1.6 million).

PROSPECTS

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

In the years ahead, the luxury car segment in China is seeing strong growth, and the outlook for the luxury car market in China is bright. The Company will consider the design, development and launch of multiple strategically priced models coupled with flexible financing schemes and widening its distribution and other networks to promote our electric motor vehicles and auto components businesses.

As the propensity of the subsidy policies promulgated and recently reconstructed by the PRC Government for new energy vehicles allows subsidies that are more for manufacturers and favouring electric vehicles with advanced technologies, the Group will aim at enhancing the level of technical sophistication of the electric motor vehicles that we design.

We will keep ourselves abreast of the market trends and changes and adjust and adapt our business and risk management policies from time to time. We realise that flexibility is one of the keys to success for the Group's business. The Group will continue to seek opportunities for collaboration with renowned organisations with a view to exploring ways to strengthen the Group's supply chains, enhance its production capacity and operational flexibility and widen its expertise in such areas which are considered to be beneficial to the overall development of the Group's businesses and bring long-term value to our shareholders.

MATERIAL ACQUISITION OR DISPOSAL

There was no material acquisition or disposal or plans for material investment or capital assets during the Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

FUND RAISING ACTIVITIES AND USE OF PROCEED DURING THE PERIOD

During the Period, the Company has not undertaken any fund raising activity.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2017, the total equity of the Group amounted to approximately HK$1,699.6 million (31 December 2016: HK$1,861.4 million).

The gearing ratio of the Group as at 30 June 2017 measured in terms of total liabilities divided by shareholders' equity was approximately 2.99% (31 December 2016: 2.61%).

As at 30 June 2017, net current assets of the Group were approximately HK$1,287.2 million (31 December 2016: HK$1,635.1 million). The pledged bank deposits were approximately HK$2.0 million (31 December 2016: HK$2.0 million). The cash and cash equivalents were denominated in Renminbi, Hong Kong dollars and United States dollars and amounted to approximately HK$677 million (31 December 2016: HK$695.3 million).

PLEDGE OF THE GROUP'S ASSETS

As at 30 June 2017, the Group had pledged its bank deposits of HK$2.0 million (31 December 2016: HK$2.0 million) to the Group's bankers to secure corporate credit cards facilities granted to the Group.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

During the Period, almost all of the income and expenditure of the Group were denominated in Renminbi, Euro, Hong Kong dollars and/or United States dollars, and the Group had no significant exposure to foreign exchange fluctuations and therefore, had not taken any financial instruments for hedging purpose.

HUMAN RESOURCES AND REMUNERATION POLICIES

The Group had a total of approximately 268 employees as at 30 June 2017 (31 December 2016: 200 employees). It has been the Group's policy to ensure that the remuneration levels of the Directors and its employees are reviewed and rewarded on a performance-related basis within the general framework of the Group's salary and bonus system. Share options may also be granted to the Directors and employees of the Group to attract, retain and incentivise them to work and make contribution towards the long term growth and development of the Group.

CORPORATE GOVERNANCE

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

SECURITIES TRANSACTIONS BY DIRECTORS

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

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company had reviewed and discussed with the management of the Company the Group's condensed consolidated financial statements for the Period. The interim results of the Group for the Period are unaudited and have been reviewed by the auditors of the Company.

PUBLICATION OF THE INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2017 will be published on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the website of the Company (http://hk1188.etnet.com.hk) in due course.

SUSPENSION OF TRADING

Trading in the shares in the Company on the Stock Exchange will remain suspended pending the fulfillment of the conditions prescribed by the Stock Exchange for the resumption of trading as disclosed in the Company's announcement dated 12 June 2017.

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

Hong Kong, 31 August 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.

* *For identification purpose only*