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HYBRID KINETIC GROUP LIMITED

正道集團有限公司

(incorporated in Bermuda with limited liability)

(Stock code: 1188)

QUARTERLY UPDATES ON BUSINESS OPERATIONS AND RESUMPTION PROGRESS

This announcement is made by the board of directors (the “**Board**”) of Hybrid Kinetic Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.24A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

References are made to (i) the announcement of the Company dated 1 April 2021 in relation to the suspension of trading in the shares of the Company (the “**Shares**”) on the Stock Exchange; (ii) the announcement of the Company dated 22 June 2021 in relation to the guidance laid down by the Stock Exchange for the resumption of trading in the Shares; and (iii) the announcements of the Company dated 30 June 2021, 30 September 2021 and 31 December 2021 in relation to the quarterly updates on the Company (collectively, the “**Announcements**”). Unless otherwise defined, capitalised terms used in this announcement shall have the meanings as those defined in the Announcements.

UPDATE ON THE DEVELOPMENT OF BUSINESS OPERATIONS OF THE GROUP

The Company is carrying on its normal day-to-day operations.

The Group has been carefully reviewing potential business opportunities for strategic investment, cooperation and/or collaboration with renowned organisations, institutions, experts and/or other strategic alliances 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 sustainable development, expansion and diversification of the Group's business. The Group will actively identify potential business and investment opportunities to expand its business operations.

As disclosed in the announcement of the Company dated 24 March 2022, the Company entered into a memorandum of understanding (the “**MOU**”) with Hebei Zhongxing Automobile Co., Ltd. (河北中興汽車製造有限公司) (the “**Target Company**”), a sino-foreign joint venture company with limited liability incorporated in 1991 in the PRC and principally engaged in the manufacturing, research and development, design, servicing and sales of automobiles, auto parts and components and related after-sales service. Pursuant to the MOU, the Company intends to acquire no less than 51% of the equity interests in the Target Company or the entire equity interest of the Target Company (the “**Possible Acquisition**”).

The Company has commenced the due diligence review on the Target Company. It is expected that due diligence review will be completed in the third quarter of 2022 and the parties to the MOU will negotiate on entering into a formal agreement in respect of the Possible Acquisition. The Company considers the Possible Acquisition, if materialised, will create synergy to enhance the competitiveness and profitability of the Group, which is beneficial to the sustainable development, expansion and diversification of the Group's business.

The Possible Acquisition, if materialised, may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. Further announcement(s) will be made by the Company in compliance with the Listing Rules as and when appropriate.

UPDATE ON RESUMPTION PLAN

Since the suspension of trading in the Shares, the Company has been and is still in the course of consulting its professional advisers and taking appropriate steps to explore and formulate viable solutions to address the Stock Exchange's concerns and fulfil the requirements of the Stock Exchange under the Resumption Guidance.

In order to fulfil the Resumption Guidance, the Group continues to review its current businesses and financial position from time to time and is committed to improving the business operations and identifying business and investment opportunities to expand its sources of income.

The Company will keep its shareholders and potential investors updated of the development of its business operations, its resumption plan and expected timetable, the progress of implementing the resumption plan (and any material changes thereof), as well as any other relevant matters as and when appropriate and at least on a quarterly basis.

CONTINUED SUSPENSION OF TRADING

Trading in the Shares on the Stock Exchange will remain suspended pending the fulfilment of the Resumption Guidance.

Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

By order of the Board
HYBRID KINETIC GROUP LIMITED
Yeung Yung
Chairman

Hong Kong, 31 March 2022

As at the date of this announcement, the Board comprises six executive Directors, namely Dr Yeung Yung (Chairman), Mr Feng Rui (Chief Executive Officer), Mr Liu Stephen Quan, Dr Zhu Shengliang, Mr Li Zhengshan and Mr Chen Xiao, one non-executive Director, namely Dr Xia Tingkang, Tim and five independent non-executive Directors, namely Dr Zhu Guobin, Mr Cheng Tat Wa, Dr Li Jianyong, Mr Chan Sin Hang and Mr Lee Cheung Yuet Horace.