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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, 31 December 2021, 31 March 2022 and 30 June 2022 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.

Proposed Acquisition

On 28 August 2022, the Company entered into a sale and purchase agreement with two independent third parties (the "**Vendors**"), pursuant to which the Company has conditionally agreed to acquire the "**Acquisition**") and the Vendors have conditionally agreed to sell the entire issued shares of a company incorporated in Hong Kong (the "**Target Company**") at a consideration of HK\$392 million. The non-wholly owned subsidiary of the Target Company is a leading automobile transmission system manufacturer in the People's Republic of China (the "**PRC**") which owns and operates a production facility in Shanghai Municipality of the PRC.

The Company has submitted the draft announcement to the Stock Exchange and the Stock Exchange is reviewing the draft announcement in relation to the Acquisition.

Proposed Subscription

Reference is made to the announcement of the Company dated 26 September 2022 in relation to the proposed subscription of new shares of the Company under general mandate.

On 20 September 2022, the Company and an independent third party (the "**Subscriber**") entered into a subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for 2,000,000,000 Shares at the price of HK\$0.10 per Share (the "**Subscription**"). The net proceeds of the Subscription of approximately HK\$199.9 million is intended to be utilised for financing the Acquisition.

Proposed Disposal

On 28 September 2022, the Company and an independent third party (the “**Purchaser**”) entered into an equity transfer agreement, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 18% equity interest in 寧波京威動力電池有限公司 (the “**Ningbo Joint Venture**”) at a consideration of RMB1,000,000 (the “**Disposal**”). Upon completion of the Disposal, the Group will cease to hold any equity interest in the Ningbo Joint Venture and the Company is of the view that there will be no material impact on the Company’s operation.

UPDATE ON RESUMPTION PLAN

Since the suspension of trading in the Shares, the Company has been 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 has implemented its business plans, among other things, conducted the proposed Acquisition, proposed Subscription and the proposed Disposal as disclosed above. The Company is of the view that, upon the implementation of the business plans, the Resumption Guidance will be fulfilled. As such, the Company has submitted its resumption plan in resolving the Resumption Guidance to the Stock Exchange.

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.

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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, 13 October 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.