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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)

VERY SUBSTANTIAL ACQUISITION

Financial adviser to the Company



THE ACQUISITION

The Board is pleased to announce that on 28 August 2022, the Company entered into the Sale and Purchase Agreement (as supplemented by the Supplemental Agreements) with the Vendors, pursuant to which the Company has conditionally agreed to acquire for and the Vendors have conditionally agreed to sell the Sale Shares, which represented the entire issued shares of the Target Company, at a Consideration of HK\$392 million.

The Consideration will be settled by the issuance of the Promissory Notes in the principal amount of HK\$392 million. The Company intends to finance the settlement of the Promissory Notes through fundraising activities, including but not limited to placing of Shares and/or debt financing from the substantial shareholder of the Company, upon resumption of trading of the Shares.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder is more than 100% under the Listing Rules, the Acquisition constitutes a very substantial acquisition for the Company and is therefore subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The SGM will be convened to consider and, if thought fit, to pass the resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) a notice of the SGM, will be despatched by the Company to the Shareholders on or before 11 November 2022, as additional time is required by the Company for the preparation of certain financial information in the circular.

The Acquisition may be considered as a reverse takeover under Rule 14.06B of the Listing Rules subject to the final ruling of the Stock Exchange.

The Exchange is minded not to grant the listing approval of any issuance of new securities by the Company unless the Company can fulfill all resumption guidance and resume trading.

The publication of this announcement does not indicate any decision or conclusion from the Exchange nor warrant any approval from the Exchange on the resumption of trading in the Company's shares. For the avoidance of doubt, the Exchange is not satisfied that the Company has fulfilled all resumption guidance.

Shareholders and potential investors should note that completion of the Acquisition is subject to the fulfilment or waiver of the conditions precedent (as the case maybe); and (ii) the final ruling of the Stock Exchange. As such, the Completion thereof may or may not proceed. Shareholders and potential investors are therefore reminded to exercise caution when dealing in the Shares of the Company.

INTRODUCTION

The Board is pleased to announce that on 28 August 2022, the Company entered into the Sale and Purchase Agreement (as supplemented by the Supplemental Agreements) with the Vendors, pursuant to which the Company has conditionally agreed to acquire for and the Vendors have conditionally agreed to sell the Sale Shares, which represented the entire issued shares of the Target Company, at a consideration of HK\$392 million.

THE SALES AND PURCHASE AGREEMENT

The principal terms of the Sales and Purchase Agreement (as supplemented by the Supplemental Agreements) are set out as below:

Purchaser: The Company

Vendors: (i) Vendor A, being Best Knob International Limited, which is interested in 100% of the issued shares of the Target Company as at the date of the announcement; and 71.25% of the issued shares of the Target Company immediately upon completion of the Target Co Restructuring (as defined below); and

(ii) Vendor B, being Chang Da International Limited, which will be interested in 28.75% of the issued shares of the Target Company immediately upon completion of the Target Co Restructuring (as defined below).

Assets to be acquired: The Sale Shares, being 100% of the issued shares of the Target Company, which is interested in 80% of the equity interests of HXL. As at the date of this announcement, the entire Sale Shares is held by Vendor A.

HXL is owned by the Target Company and West Shanghai Automobile as to 80% and 20% respectively as at the date of this announcement.

Restructuring of the Target Company: Pursuant to a separate sale and purchase agreement entered into between Vendor A and Vendor B, Vendor A shall transfer 28.75% of the Sale Shares to Vendor B (the “**Target Co Restructuring**”).

Restructuring of HXL: Pursuant to the Sale and Purchase Agreement, it is intended that West Shanghai Automobile and Mr. Chang HC, being one of the shareholders of Vendor A and the founder of HXL Group, shall enter into an agreement to transfer the 20% equity interest in HXL held by West Shanghai Automobile (the “**Remaining HXL Shares**”) to Mr. Chang HC or his nominee (the “**HXL Restructuring**”).

It is the intention for the Company to acquire 100% of the equity interest of HXL. Nevertheless, West Shanghai Automobile, being a company listed on the Shanghai Stock Exchange, requires additional time to consider and approve any agreement of transferring the Remaining HXL Shares. In order to integrate HXL into the Group in a timely manner, the Company is of the view that it is more efficient for Mr. Chang HC, as the founder of the HXL Group, to first acquire the Remaining HXL Shares from West Shanghai Automobile on behalf of the Company, before transferring the Remaining HXL Shares to the Company pursuant to the irrevocable undertaking as detailed in the paragraph “Irrevocable undertaking” below.

To the best of the understanding of the Company, as at the date of this announcement, Mr. Chang HC is finalising with West Shanghai Automobile on the terms of the transfer of the Remaining HXL Shares. It is expected that the HXL Restructuring may be completed within 3 months from the date of this announcement.

Consideration: The Consideration for the Sale Shares is HK\$392 million, which is determined after arm's length negotiations between the Company and the Vendors on normal commercial terms with reference to (i) to the preliminary valuation of the entire equity interest of HXL Group of approximately HK\$530.9 million using income approach conducted by an independent valuer engaged by the Group; (ii) the historical financial performance; (iii) the production technology, capability and capacity of the HXL Group; (iv) the leading market position of the HXL Group in the PRC; and (v) the future prospect of HXL Group.

Payment terms: The Consideration shall be settled by the way of issuance of (i) Promissory Notes with the principal amount of HK\$279,300,000 by the Company to the Vendor A; and (ii) Promissory Notes with the principal amount of HK\$112,700,000 to Vendor B. The principal terms of the Promissory Notes are disclosed in "The Promissory Notes" in this announcement.

In the event the Company is unable to settle the Promissory Notes, the Vendors may elect to require the Company to issue convertible bonds to the Vendors (with terms and conditions satisfactory to the Vendors) for the settlement of the Promissory Notes.

Conditions precedents: Completion of the Acquisition is subject to:

- (a) (1) all necessary authorisations, consents and approval from the Stock Exchange in relation to the Acquisition having been obtained; and (2) passing by the shareholders of the Company resolutions at the SGM approving the Sale and Purchase Agreement and the Acquisition;
- (b) passing by the respective board of directors resolutions of the Vendors, the Target Company and/or the Company in respect of the Sale and Purchase Agreement and the Acquisition;

- (c) the Company and the Vendors being reasonably satisfied on the due diligence results in all respects on the Target Company and Company respectively;
- (d) all necessary authorisations, consents and approval from relevant government and regulatory authorities in relation to the Sale and Purchase Agreement and transactions contemplated thereunder having been obtained;
- (e) all the representations, warranties and undertakings of or by the Company or the Vendors in the Sale and Purchase Agreement being no misleading, and remaining true and accurate in all material respects at all times up to the Completion Date;
- (f) the Company and the Vendors having entered into a Share Charge Deed with terms and conditions satisfactory to the Vendors;
- (g) the Vendors having received a legal opinion in relation to the Share Charge Deed from a lawyer in Bermuda;
- (h) the Vendors having received a legal opinion in relation to the Share Charge Deed from a lawyer in Hong Kong; and
- (i) the Target Co Restructuring being completed.

The conditions precedent (a), (d) and (i) are not capable of being waived by the Company or the Vendors. The Company may waive conditions (b), (c) and (e) above. The Vendors may waive conditions (b), (c) and (e) to (h) above.

In the event (1) the conditions precedent are not fulfilled or waived (as the case may be) on or before the Long Stop Date; and (2) the Company is unable to obtain a response from the Stock Exchange in relation to the resumption of trading of the Shares to the reasonable satisfaction of the Vendors on or before 30 September 2022 (including but not limited to the Stock Exchange approving the publication of this announcement, or the extension of deadline of fulfilling the resumption guidance, or any response in relation to the resumption progress of trading of the Shares), the Company and the Vendors may terminate the Sale and Purchase Agreement. With the publication of this announcement, the Vendors has been satisfied in relation to point (2) of the above.

Share charge:

The Company shall not dispose or transfer the Sale Shares until the Consideration has been settled in accordance to the Sale and Purchase Agreement. The Company and the Vendors shall enter into the Share Charge Deed, pursuant to which the Company shall charge the Sales Shares in favour of the Vendors to secure its payment obligation of the Promissory Notes.

Put Option:

In the event the Company is unable to settle the Promissory Notes, each of the Vendors has the right to acquire the respective portion of the Sale Shares at a consideration of HK\$1 and (1) the return of any outstanding Promissory Notes; and (2) the refund of any settlement of principal amount of the Promissory Notes made by the Company. The Company shall be responsible for any stamp duty and tax arising from such transfer of the Sale Shares.

Irrecoverable
undertaking:

The Company irrevocable undertakes to the Vendors, upon completion of the HXL Restructuring, in the event the Company received a written notice from Vendor A requesting the Company to acquire the Remaining HXL Shares, the Company shall enter into a sale and purchase agreement with Mr. Chang HC or his nominee to acquire the Remaining HXL Shares at a consideration of HK\$98 million (the “**Potential Acquisition**”).

To the best of knowledge of the Company, the Company is not aware of the amount of consideration to be paid by Mr. Chang HC to West Shanghai Automobile in relation to the Remaining HXL Shares, given the Company does not have any contact with West Shanghai Automobile.

The Company is of the view that the consideration of HK\$98 million for the Potential Acquisition is fair and reasonable due to the following reasons:

- (i) the preliminary valuation of the entire equity interest of HXL Group of approximately HK\$530.9 million using income approach conducted by an independent valuer engaged by the Company. As such, the valuation of the Remaining HXL Shares would be approximately HK\$106.2 million, which is higher than the consideration of the Potential Acquisition;
- (ii) the consideration of HK\$98 million represented 20% of the valuation of the equity interest of HXL Group, together with the Consideration of HK\$392 million represented 80% of the valuation of the equity interest of HXL Group, represented the valuation of the entire equity interest of HXL Group as agreed by the Vendors, being HK\$490 million; and
- (iii) given (1) the Company does not have any contact with West Shanghai Automobile; and (2) Mr. Chang HC is the founder of HXL Group, it is more commercially practicable for the Company to only negotiate with Mr. Chang HC for the acquisition of the Remaining HXL Shares.

The consideration of the Remaining HXL Shares which shall be settled by the issuance of promissory note, where (i) 40% of the promissory note shall be settled within 180 days upon issuance; and (ii) the remaining 60% of the promissory note shall be settled within 360 days upon issuance.

In the event the Company is unable to settle the promissory note in accordance with the above payment terms, the Company may elect to issue convertible bonds to settle the relevant promissory note, subject to any Board or Shareholders resolution that may be required in compliance with the Listing Rules.

THE PROMISSORY NOTES

Pursuant to the Sale and Purchase Agreement, the Company will issue the Promissory Note in the principal amount of HK\$392 million to the Vendors as settlement of the Consideration upon Completion.

The principal terms of the Promissory Notes are summarised as follows:

Issuer:	The Company
Issue Date:	Completion Date
Principal amount:	HK\$392,000,000
Interest:	The Promissory Notes is interest free
Settlement:	40% of the principal amount shall be settled by the Company in 180 days from the date of issuance of the Promissory Note. The remaining 60% of the principal amount shall be settled in 360 days from the date of issuance of the Promissory Note

Financing plan for the Promissory Note

The Company intends to finance the settlement of the Promissory Notes through fundraising activities, including but not limited to placing of Shares and/or debt financing from the substantial shareholder of the Company, upon resumption of trading of the Shares.

As at the date of this announcement, the Company is in the course of negotiating with a number of independent third parties for the subscription of the Shares (the “**Potential Subscriptions**”).

Reference is made to the announcement of the Company dated 26 September 2022. On 20 September 2022, the Company entered into a subscription agreement with M 6 Investments L.L.C., an investment fund established in the United Arab Emirates principally engaged in investment in various industries including energy and industrial enterprises, pursuant to which M 6 Investment L.L.C. has conditionally agreed to subscribe and the Company has conditionally agreed issue 2,000,000,000 new Shares at a subscription price of HK\$0.10 for each Share. The gross proceed for the Subscription is HK\$200 million.

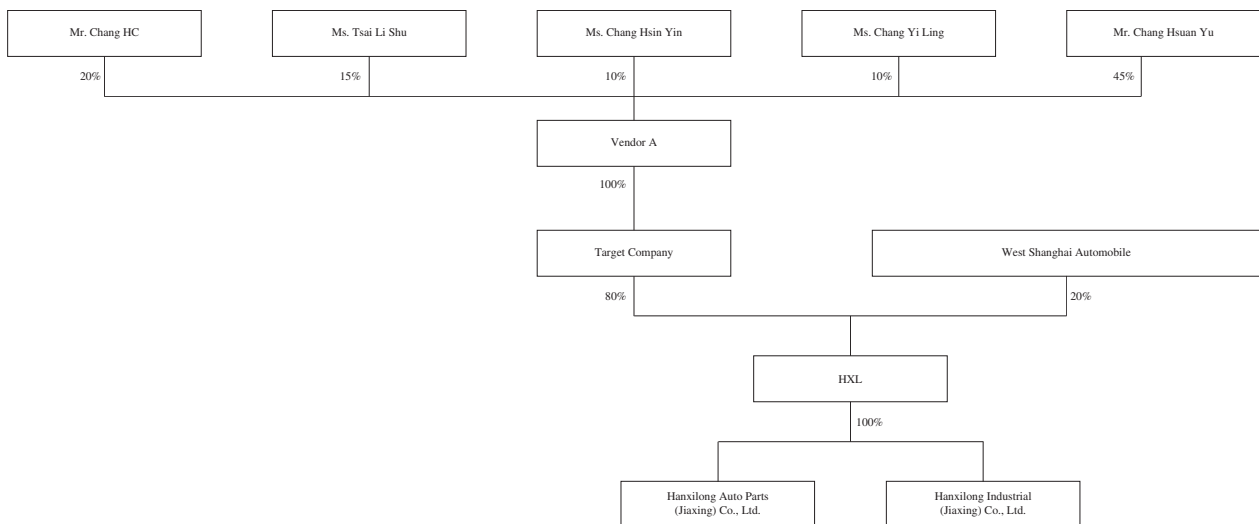
In addition, the Company has entered into two letters of intent or memorandums of understanding with independent third parties, including China Alpha Fund Management (HK) Limited and J-Stone Capital Limited, which are companies licensed to carry on type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO, for the subscription of new Shares to be issued by the Company. Based on the letter of intents or memorandums of understanding, the aggregate gross proceeds shall be HK\$300 million, where (i) the gross proceed from the potential subscription of Shares from China Alpha Fund Management (HK) Limited is HK\$200 million; and (ii) the gross proceed from the potential subscription of Shares from J-Stone Capital Limited is HK\$100 million.

The net proceed of the Potential Subscriptions is intended to be applied for the settlement of the Promissory Notes and development of the Company’s business in the future. In the event any of the Potential Subscriptions materialise, the Company will publish further announcement(s) and comply with the Listing Rules accordingly.

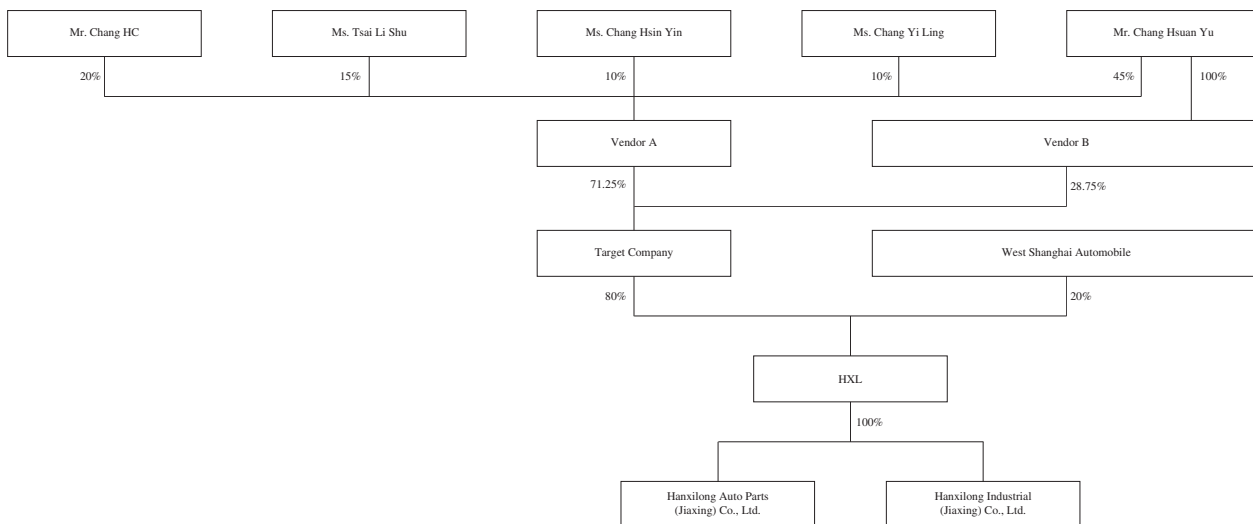
INFORMATION OF THE TARGET COMPANY AND HXL GROUP

The shareholding structure of the Target Company and HXL (i) as at the date of this announcement; (ii) immediately upon completion of the Target Co Restructuring; (iii) immediately upon completion of the Target Co Restructuring and HXL Restructuring; (iv) immediately upon completion of the Acquisition (assuming the HXL Restructuring is yet to be completed and the Potential Acquisition yet to materialise); and (v) for illustrative purpose only, immediately upon completion of the Acquisition and Potential Acquisition, is set out as follows:

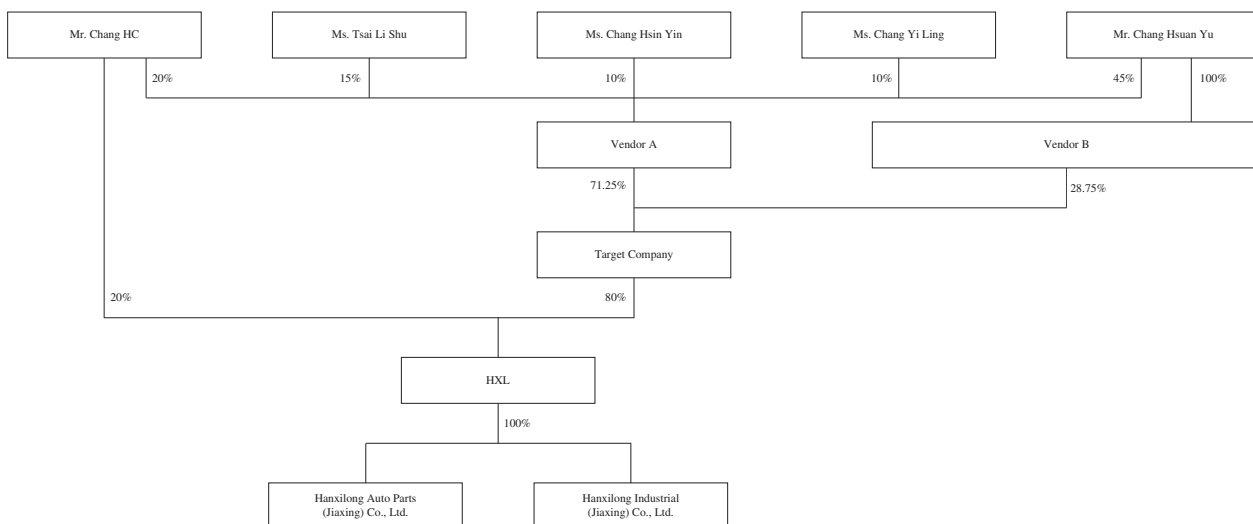
(i) As at the date of this announcement:



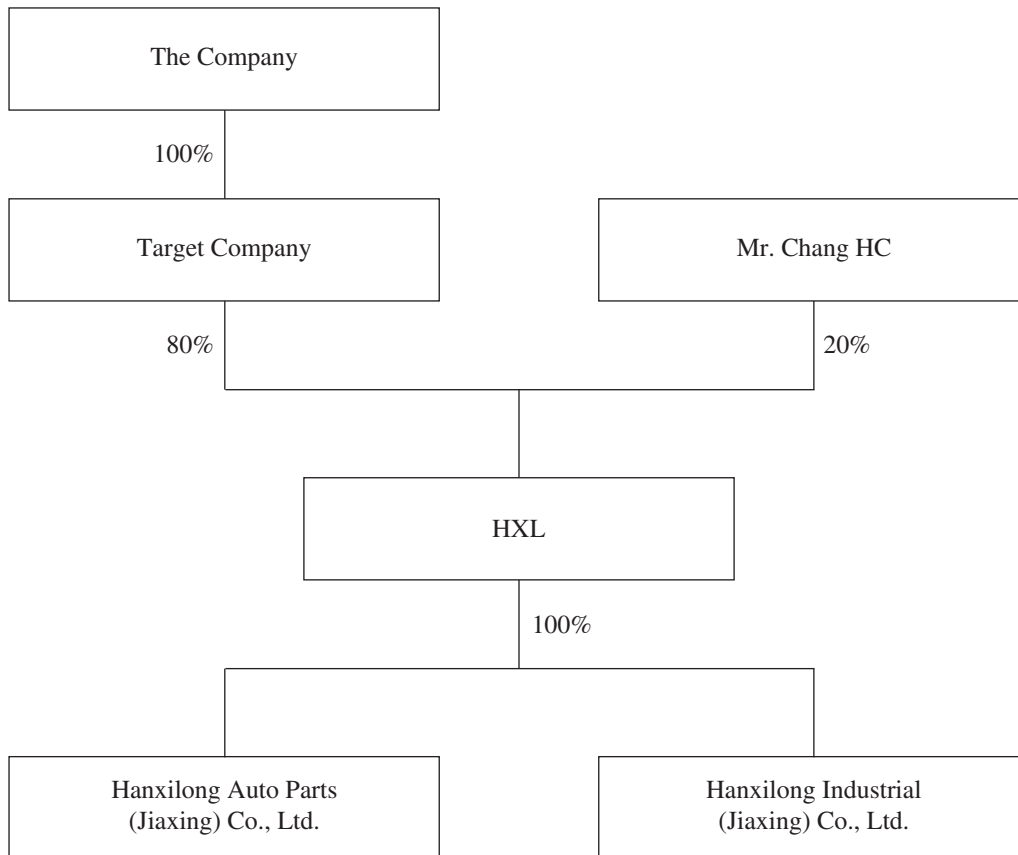
(ii) Immediately upon completion of the Target Co Restructuring:



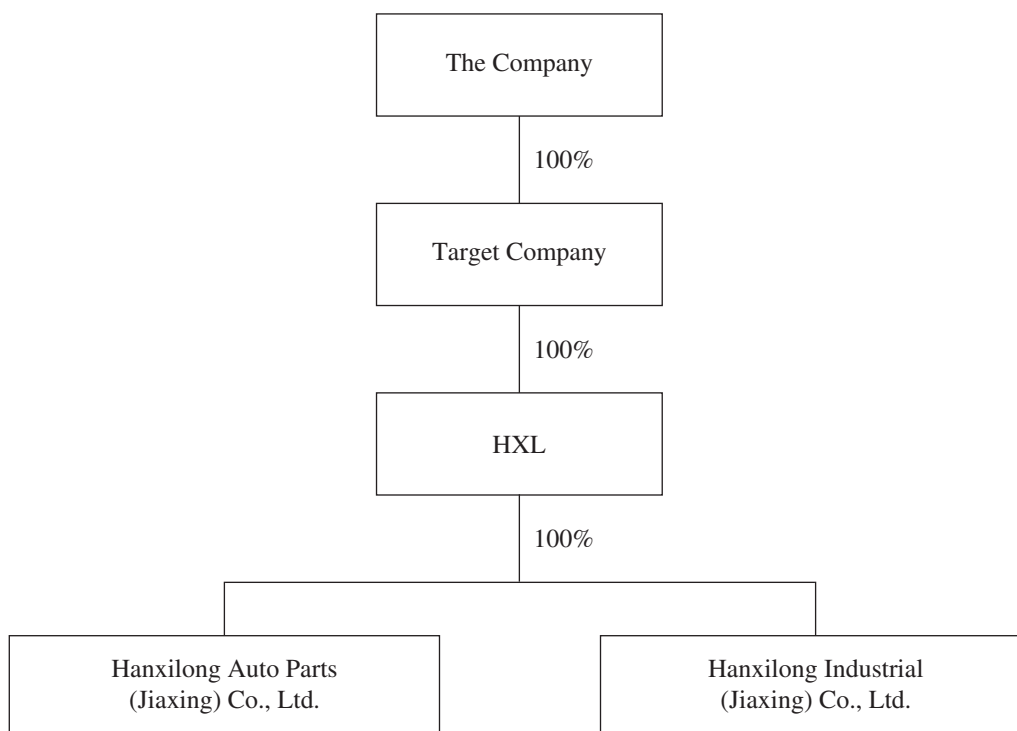
(iii) Immediately upon completion of the Target Co Restructuring and HXL Restructuring:



(iv) Immediately upon completion of the Acquisition (assuming the HXL Restructuring is yet to be completed and the Potential Acquisition yet to materialise):



(v) Immediately upon completion of the Acquisition and the Potential Acquisition:



The Target Company is a limited company incorporated in Hong Kong. The Target Company is an investment holding company which hold 80% of the equity interest in HXL as at the date of this announcement, and it does not have any other material assets or liabilities.

HXL is a company incorporated in the PRC with limited liability in 2003. The HXL Group is principally engaged in manufacturing of automobile parts, including transmission gearbox, systems and accessories. HXL and its subsidiary Hanxilong Auto Parts (Jiaxing) Co., Ltd. are recognised as high and new technology enterprise in the PRC.

The HXL Group owns and operates a production facility in Shanghai with over 280 employees. The HXL Group is a leading automobile transmission system manufacturer in the PRC and has registered over 60 patents in relation to transmission gearbox, systems and accessories in the PRC.

It sources various raw materials, including electronic materials and circuit boards, for the manufacturing of its products, before selling to its customers. The customer portfolio of the HXL Group includes a number of leading automobile manufacturers in the PRC which are state-owned enterprises and listed companies.

Set out below is the financial information of the HXL Group for the years ended 31 December 2020 and 2021.

	For the year ended	
	31 December	31 December
	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	99,458	53,539
Gross profit	33,795	18,030
Profit before income tax	21,970	6,201
Profit after income tax	18,589	6,201

The total asset and net asset value of the HXL Group as at 31 December 2021 is approximately RMB182,989,000 and RMB86,363,000 respectively.

The financial performance of the HXL Group for the year ended 31 December 2021 experienced temporary downturn as Shanghai and Jiaying, where the offices and production facilities of the HXL Group located, imposed lockdown measures in response to the regional outbreak of COVID-19. While there were also lockdown measures imposed in the first half of 2022 in Shanghai, the HXL Group continued to receive sales orders from its customers. As such, it is expected that the financial performance of the HXL Group will recover in the second half of 2022.

INFORMATION OF THE VENDORS

As at the date of this announcement, Vendor A holds the entire equity interest of the Target Company. Upon completion of the Target Co Restructuring, Vendor A and Vendor B shall hold 71.25% and 28.75% of the equity interest in the Target Company respectively.

Vendor A, being Best Knob International Limited, is a limited company incorporated on 14 May 2010 in Belize and is principally engaged in investment holding. As at the date of this announcement, the Vendor A is owned as to 45%, 20%, 15%, 10% and 10% by Mr. Chang Hsuan Yu, Mr. Chang HC, Ms. Tsai Li Shu, Ms. Chang Yi Ling and Ms. Chang Hsin Yin. Mr. Chang Hsuan Yu is the son of and Ms. Chang Yi Ling and Ms. Chang Hsin Yin are the daughters of Mr. Chang HC and Ms. Tsai Li Shu. Mr. Chang HC is the founder of the HXL Group.

Vendor B, being Chang Da International Limited, is a limited company incorporated on 16 August 2022 in Hong Kong and is principally engaged in investment holding. As at the date of this announcement, Vendor B is wholly owned by Mr. Chang Hsuan Yu, the son of Mr. Chang HC and Ms. Tsai Li Shu.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, the Vendors and their respective ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the development of high-tech electric motor vehicles, development and sales of battery management systems and spare parts and development of advanced batteries materials.

Development of the Group since 2011

Since 2011, the Group has commenced research and development of battery pack for electric vehicles and is one of the pioneers in supplying battery for the electric automobile industry. The Group has successfully developed battery packs and systems with fast charging and range extension capabilities which are well suited for new energy vehicles.

In order to build up the economies of scale of operation for the production of battery pack for the automobile industry, the Group started to develop its own electric vehicle in 2015 while trying to promote its battery pack to other electric automobile manufacturers. It took years and substantial working capital for the Group to perform research and development on its own electric vehicle although a number of prototypes was completed and launched in car shows held in Geneva, Beijing and Shanghai prior to the outbreak of COVID-19 in 2020. In view of the outbreak, the Group had no alternative but to temporary cease all the promotion campaigns in the same year.

On the other hand, in respect of the sale of battery packs, as different automobile manufacturers have their unique designs of vehicle models, it would be time consuming and costly to offer customised battery packs to different automobile manufacturers. As such, despite the Group has devoted resources to upgrade its battery packs for different automobile manufacturers by connecting the respective generators to its battery packs for trial run over the years, the battery packs and system of the Group has yet to complete commercialisation and commence mass production due to (i) the pro-longed testing period requested by state-owned automobile manufacturers; (ii) the impact of COVID-19 and the slowdown in the economic growth in the PRC which hindered the procurement on the battery pack; and (iii) the lockdown in different provinces in the PRC, which substantially reduced the launch of different models of the automobile manufacturers.

Synergy effect and business opportunities from the Acquisition

Leveraging on (i) the Group's experience, know-how and technology in battery systems and designs of high-tech electric motor vehicles; and (ii) the transmission system and customer portfolio of HXL Group, the Company considers the Acquisition may create synergy effect by integrating the supply of the transmission parts of the HXL Group together with the batteries packs and system of the Group, while providing an excellent opportunity for expanding the sales channel for the batteries systems of the Group to leading automobile manufacturers in the PRC. As the HXL Group supplies different parts and components to automobile manufacturers including but not limited to state-owned enterprises and listed companies, the Acquisition could allow the Group to connect its battery pack to the transmission system and generators of the HXL Group and offer the whole package to the automobile manufacturers, which have already indicated their needs to the HXL Group in the past.

Accordingly, the Acquisition may improve the revenue stream and profitability for the Group. The Group is of the view that the Group will have sufficient level of operations after Completion. As such, the Company considers the Acquisition represents an excellent opportunity for expansion of the Group in the automobile industry.

The Directors consider that the terms of the Sale and Purchase Agreement, including the Consideration, are fair and reasonable and on normal commercial terms and the Acquisition is in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder is more than 100% under the Listing Rules, the Acquisition constitutes a very substantial acquisition for the Company and is therefore subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The SGM will be convened to consider and, if thought fit, to pass the resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) a notice of the SGM, will be despatched by the Company to the Shareholders on or before 11 November 2022, as additional time is required by the Company for the preparation of certain financial information in the circular.

CONTINUED SUSPENSION OF TRADING

Trading in the Shares has been suspended with effect from 9:00 a.m. on 1 April 2021. Trading in the Shares will remain suspended pending fulfilment of the resumption guidance issued by the Stock Exchange and any supplement or medication thereto.

The Acquisition may be considered as a reverse takeover under Rule 14.06B of the Listing Rules subject to the final ruling of the Stock Exchange.

The Exchange is minded not to grant the listing approval of any issuance of new securities by the Company unless the Company can fulfill all resumption guidance and resume trading.

The publication of this announcement does not indicate any decision or conclusion from the Exchange nor warrant any approval from the Exchange on the resumption of trading in the Company's shares. For the avoidance of doubt, the Exchange is not satisfied that the Company has fulfilled all resumption guidance.

Shareholders and potential investors should note that completion of the Acquisition is subject to the fulfilment or waiver of the conditions precedent (as the case maybe); and (ii) the final ruling of the Stock Exchange. As such, the Completion thereof may or may not proceed. Shareholders and potential investors are therefore reminded to exercise caution when dealing in the Shares of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Acquisition”	the Acquisition of the Sale Shares by the Company pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Company”	Hybrid Kinetic Group Limited, a company incorporated in the Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	Completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the date of the Completion
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Consideration”	the consideration of HK\$392 million for the Acquisition
“Director(s)”	the director(s) of the Company
“Enlarged Group”	the Group and as enlarged by the Target Group after Completion
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“HXL”	Hanxilong Auto Parts (Shanghai) Co., Ltd. (漢喜龍汽車零件(上海)有限公司), a company incorporated in the PRC with limited liability and a non-wholly owned subsidiary of the Target Company
“HXL Group”	Han Xi Long and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 November 2022, or any other date the parties may agree in writing
“Mr. Chang HC”	Mr. Chang Han-Chen, one of the shareholders of Vendor A and founders of the HXL Group
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Promissory Note”	the promissory note in the principal amount of HK\$392 million to be issued by the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 28 August 2022 entered into between the Vendors and the Company in relation to the Acquisition
“Sale Shares”	100% of the issued shares of the Target Company held by the Vendor A as at the date of this announcement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“SGM”	the extraordinary general meeting of the Company to be held to approve, inter alia, the Sale and Purchase Agreement and the transactions contemplated thereunder
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Charge Deed”	the share charged deed to be entered by the Company and the Vendors to charge the Sale Shares in favour of the Vendors to secure the payment obligations of the Promissory Notes
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreements”	the supplemental agreements dated 20 September 2022 by the Company and the Vendors to revise certain terms of the Sale and Purchase Agreement
“Target Company”	Best Knob International Limited, a limited company incorporated in Hong Kong, which is interested in 80% equity interest in HXL as at the date of this announcement
“Target Group”	the Target Company and its subsidiaries
“Vendors”	Vendor A and Vendor B
“Vendor A”	Best Knob International Limited, a limited company incorporated in Belize and one of the Vendors
“Vendor B”	Chang Da International Limited, a limited company incorporated on 16 August 2022 in Hong Kong and one of the Vendors

“West Shanghai
Automobile”

West Shanghai Automobile Service Co Limited, a company incorporated in the PRC with limited liability and listed on the Shanghai Stock Exchange

“%”

per cent

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

Hong Kong, 17 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.