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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)

SECOND SUPPLEMENTAL AGREEMENT IN RELATION TO VERY SUBSTANTIAL ACQUISITION

References are made to (i) the announcements of Hybrid Kinetic Group Limited (the “**Company**”) dated 17 October 2022 in relation to the proposed acquisition of the entire issued shares of Best Knob International Limited (the “**VSA Announcement**”); (ii) the announcements of the Company dated 8 March 2023 and 31 August 2023 in relation to the extension of the long stop date for the Acquisition from 30 November 2023 to 31 March 2024. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the VSA Announcement.

BACKGROUND

As disclosed in the VSA Announcement, on 28 August 2022, the Company entered into the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement) 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.

SECOND SUPPLEMENTAL AGREEMENT

Taking into account the due diligence results, upon further negotiations among the parties to the Sale and Purchase Agreement, the Company and the Vendors entered into the a supplemental agreement (the “**Second Supplemental Agreement**”) on 1 February 2024 to amend certain terms of the Sale and Purchase Agreement, details of which are set out as follows.

Revised Consideration

The Consideration for the Sale Shares shall be revised as HK\$228.0 million (the “**Revised Consideration**”), 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 no less than approximately HK\$285 million using income approach conducted by an independent valuer engaged by the Group; (ii) the historical financial performance of the HXL Group; (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.

Revised payment terms of the Revised Consideration

The Revised Consideration shall be settled by the way of issuance of Promissory Notes, where the principal amount of which shall be revised as to (i) HK\$162,450,000 by the Company to the Vendor A; and (ii) HK\$65,550,000 to Vendor B.

Revised Irrecoverable Undertaking

The Company irrevocable undertakes to the Vendors, upon completion of the Acquisition and on or before 1 October 2024, 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\$57.0 million. In the event such written notice from the Vendor A was issued later than 31 December 2024, the consideration for the Remaining HXL Shares shall be subject to further negotiation and adjustments based on the then valuation of the Remaining HXL Shares.

Save for the terms as amended by the Second Supplemental Agreement, all other principal terms and conditions of the Sale and Purchase Agreement (as supplemented by the Supplemental Agreement) shall remain unchanged and continue to be in full force and effect in all respects.

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

Hong Kong, 1 February 2024

As at the date of this announcement, the Board comprises five executive Directors, namely Dr Yeung Yung (Chairman), Mr Feng Rui (Chief Executive Officer), Mr Liu Stephen Quan, Mr Li Zhengshan, and Mr Chen Xiao, one non-executive Director, namely Dr Xia Tingkan, 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.