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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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

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 2025 (the “**Period**”) together with the comparative figures for the corresponding period in 2024 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	<i>Notes</i>	Six months ended 30 June	
		2025	2024
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
Revenue	5	6,764	–
Cost of sales		(4,058)	–
Gross profit		2,706	–
Other income		1	33
Distribution costs and general operating expenses		(2,471)	(5,887)
Profit/(loss) from operations		236	(5,854)
Finance costs	6	–	(14)

		Six months ended 30 June	
		2025	2024
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Profit/(loss) before tax		236	(5,868)
Income tax expense	7	<u>–</u>	<u>–</u>
Profit/(loss) for the period	8	<u>236</u>	<u>(5,868)</u>
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations – Group		<u>(178)</u>	<u>1,377</u>
Other comprehensive (loss)/income for the period		<u>(178)</u>	<u>1,377</u>
Total comprehensive income/(loss) for the period		<u>58</u>	<u>(4,491)</u>
Profit/(loss) for the period attributable to:			
Owners of the Company		290	(5,842)
Non-controlling interests		<u>(54)</u>	<u>(26)</u>
		<u>236</u>	<u>(5,868)</u>
Total comprehensive income/(loss) for the period attributable to:			
Owners of the Company		70	(4,432)
Non-controlling interests		<u>(12)</u>	<u>(59)</u>
		<u>58</u>	<u>(4,491)</u>
Earning/(loss) per share	10		
Basic and diluted (<i>cents per share</i>)		<u>0.01</u>	<u>(0.03)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

		At 30 June 2025 <i>HK\$'000</i> (Unaudited)	At 31 December 2024 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	11	–	–
Equity investments at fair value through other comprehensive income		–	–
		<hr/>	<hr/>
		–	–
Current assets			
Trade and other receivables	12	1,766	143
Bank and cash balances		209	202
		<hr/>	<hr/>
		1,975	345
Current liabilities			
Trade and other payables	13	113,507	112,006
Loan from a shareholder	14	101,085	101,014
		<hr/>	<hr/>
		214,592	213,020
Net current liabilities		<hr/>	<hr/>
		(212,617)	(212,675)
NET LIABILITIES		<hr/>	<hr/>
		(212,617)	(212,675)
Capital and reserves			
Share capital	15	2,035,287	2,035,287
Reserves		(2,249,130)	(2,249,200)
		<hr/>	<hr/>
Equity attributable to owners of the Company		(213,843)	(213,913)
Non-controlling interests		1,226	1,238
		<hr/>	<hr/>
TOTAL EQUITY		<hr/>	<hr/>
		(212,617)	(212,675)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the Company									
	Share capital	Share premium	Translation reserve	Share-based payment reserve	Equity investment revaluation reserve	Other reserve	Accumulated losses	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 January 2024	2,035,287	2,123,214	(50,625)	234,304	(23,901)	(70,363)	(4,450,103)	(202,187)	1,369	(200,818)
Total comprehensive income/(loss) for the period	-	-	1,410	-	-	-	(5,842)	(4,432)	(59)	(4,491)
At 30 June 2024	<u>2,035,287</u>	<u>2,123,214</u>	<u>(49,215)</u>	<u>234,304</u>	<u>(23,901)</u>	<u>(70,363)</u>	<u>(4,455,945)</u>	<u>(206,619)</u>	<u>1,310</u>	<u>(205,309)</u>
At 1 January 2025	2,035,287	2,123,214	(48,626)	130,206	(23,901)	(70,363)	(4,359,730)	(213,913)	1,238	(212,675)
Total comprehensive income/(loss) for the period	-	-	(220)	-	-	-	290	70	(12)	58
At 30 June 2025	<u>2,035,287</u>	<u>2,123,214</u>	<u>(48,846)</u>	<u>130,206</u>	<u>(23,901)</u>	<u>(70,363)</u>	<u>(4,359,440)</u>	<u>(213,843)</u>	<u>1,226</u>	<u>(212,617)</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	<u>14</u>	<u>119</u>
Cash flows from financing activities		
Repayment for lease liabilities	<u>–</u>	<u>(644)</u>
Net cash used in financing activities	<u>–</u>	<u>(644)</u>
Net increase/(decrease) in cash and cash equivalents	14	(525)
Cash and cash equivalents at beginning of period	202	874
Effect of changes in foreign exchange rate	<u>(7)</u>	<u>16</u>
Cash and cash equivalents at end of period	<u>209</u>	<u>365</u>
Analysis of cash and cash equivalents		
Bank and cash balances	<u>209</u>	<u>365</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

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 Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda. Its principal place of business is 21/F, Grand Millennium Plaza, 181 Queen's Road Central, Sheung Wan, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

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 high-tech electric motor vehicles, development and sales of battery management systems and spare parts, development of advanced batteries materials and in-vehicle audio-visual and short drama business.

2. BASIS OF PREPARATION

These condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

These condensed financial statements should be read in conjunction with the 2024 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2024.

3. GOING CONCERN BASIS

As at 30 June 2025 the Group had net current liabilities of approximately HK\$212,617,000 and net liabilities of approximately HK\$212,617,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

These condensed consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon i) financial support from a shareholder; ii) the completion of the subscription of new shares in the Company for the Group; and iii) the completion of the subscription of convertible bonds to be issued by the Company under the general mandate, at a level sufficient to finance the working capital requirements of the Group. The shareholder had agreed to provide adequate funds and the respective subscribers had conditionally agreed to subscribe for new shares and convertible bonds in the Company for the Group to meet its liabilities as they fall due.

In addition, the Group has taken the following actions to improve its financial position, immediate liquidity, and cash flows:

- i) The Group resumed its business operations in the second quarter of 2025 and recorded an operating profit from this business;
- ii) On 10 July 2025, the Group obtained loan facilities amounting to HK\$50,000,000 from a licensed money lender in Hong Kong; and
- iii) On 15 July 2025, a loan from a shareholder, amounting to approximately HK\$101,014,000, was agreed to extend the maturity date of the loan to 14 July 2027, with the shareholder refraining from demanding repayment until the Group is in a financial position to do so.

The Directors are therefore of the opinion that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the condensed consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

4. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

In the current period, the Group has adopted all the new and revised HKFRS Accounting Standards issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2025. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. The adoption of these new and revised HKFRS Accounting Standards 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 HKFRS Accounting Standards that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of those new and revised HKFRS Accounting Standards but is not yet in a position to state whether these new and revised HKFRS Accounting Standards would have a material impact on its results of operations and financial position.

5. REVENUE AND SEGMENT INFORMATION

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

	In-vehicle audio-visual and short drama business HK\$'000 (Unaudited)	High-tech electric motor vehicles HK\$'000 (Unaudited)	Battery management systems and spare parts HK\$'000 (Unaudited)	Advanced batteries materials HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Period ended 30 June 2025:					
Revenue	1,074	–	5,690	–	6,764
Segment profit/(loss)	423	(261)	1,908	(113)	1,957
At 30 June 2025:					
Segment assets	444	249	1,179	3	1,875
Segment liabilities	<u>12</u>	<u>11,613</u>	<u>5,093</u>	<u>112</u>	<u>16,830</u>
Period ended 30 June 2024:					
Revenue	–	–	–	–	–
Segment loss	–	(1,993)	(194)	(66)	(2,253)
At as 31 December 2024					
Segment assets (audited)	–	278	4	5	287
Segment liabilities (audited)	<u>–</u>	<u>10,920</u>	<u>5,821</u>	<u>1</u>	<u>16,742</u>

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

	Six months ended 30 June	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue:		
Total revenue of reportable segments and consolidated revenue	<u>6,764</u>	<u>–</u>
Profit or loss:		
Total profit/(loss) of reportable segments	1,957	(2,253)
Corporate and unallocated profit or loss	<u>(1,721)</u>	<u>(3,615)</u>
Consolidated loss for the Period	<u>236</u>	<u>(5,868)</u>
	At 30 June	At 31 December
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Assets:		
Total assets of reportable segments	1,875	287
Corporate and unallocated assets:		
– Bank and cash balances held by the Group's headquarter	7	14
– Others	<u>93</u>	<u>44</u>
Consolidated total assets	<u>1,975</u>	<u>345</u>
Liabilities:		
Total liabilities of reportable segments	16,830	16,742
Corporate and unallocated liabilities		
– Others	<u>197,762</u>	<u>196,278</u>
Consolidated total liabilities	<u>214,592</u>	<u>213,020</u>

Breakdown of revenue:

	Six months ended 30 June	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Sales of battery management systems and spare parts	5,690	–
Sales of in-vehicle audio-visual and short drama	1,074	–
Revenue from contracts with customers	<u>6,764</u>	<u>–</u>

Disaggregation of revenue from contracts with customers:

Segments	Six months ended 30 June 2025				
	In-vehicle audio-visual and short drama business <i>HK\$'000</i> (Unaudited)	High-tech electric motor vehicles <i>HK\$'000</i> (Unaudited)	Battery management systems and spare parts <i>HK\$'000</i> (Unaudited)	Advanced batteries materials <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Geographical markets					
PRC	<u>1,074</u>	<u>–</u>	<u>5,690</u>	<u>–</u>	<u>6,764</u>
Major products/service					
Sales of in-vehicle audio-visual and short drama	1,074	–	–	–	1,074
Sales of battery management systems and spare parts	<u>–</u>	<u>–</u>	<u>5,690</u>	<u>–</u>	<u>5,690</u>
Total	<u>1,074</u>	<u>–</u>	<u>5,690</u>	<u>–</u>	<u>6,764</u>
Timing of revenue recognition					
At a point in time	1,074	–	5,690	–	6,764
Total	<u>1,074</u>	<u>–</u>	<u>5,690</u>	<u>–</u>	<u>6,764</u>

Six months ended 30 June 2024

Segments	In-vehicle audio-visual and short drama business	High-tech electric motor vehicles	Battery management systems and spare parts	Advanced batteries materials	Total
	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Unaudited)
Geographical markets					
PRC	-	-	-	-	-
Sales of in-vehicle audio-visual and short drama	-	-	-	-	-
Sales of battery management systems and spare parts	-	-	-	-	-
Total	-	-	-	-	-
Timing of revenue recognition					
At a point in time	-	-	-	-	-
Total	-	-	-	-	-

6. FINANCE COSTS

	Six months ended 30 June	
	2025 <i>HK\$'000</i> (Unaudited)	2024 <i>HK\$'000</i> (Unaudited)
Lease interests	-	14

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax – PRC Enterprise Income Tax		
– Provision for the Period	–	–

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit in Hong Kong during the Period (six months ended 30 June 2024: nil).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

8. PROFIT/(LOSS) FOR THE PERIOD

The Group's profit/(loss) for the Period is stated after charging the following:

	Six months ended 30 June	
	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Continuing operations:		
Cost of inventories sold	4,058	–
Depreciation	–	54
Staff costs including directors' emoluments		
– Salaries, bonus and allowances	862	2,616
– Retirement benefits scheme contributions	52	220
	914	2,836

9. DIVIDENDS

The Directors do not recommend or declare the payment of any dividend in respect of the Period (six months ended 30 June 2024: nil).

10. EARNING/(LOSS) PER SHARE

Basic earning/(loss) per share

The calculation of basic earning/(loss) per share attributable to owners of the Company is based on the profit for period attributable to owners of the Company of approximately HK\$290,000 (six months ended 30 June 2024: loss of approximately HK\$5,842,000) and the weighted average number of 20,352,873,000 (six months ended 30 June 2024: 20,352,873,000) ordinary shares in issue during the Period.

Diluted earning/(loss) per share

The effects of all potential ordinary shares are anti-dilutive during the Period and the six months ended 30 June 2025 and 2024.

11. PROPERTY, PLANT AND EQUIPMENT

During the Period, no property, plant and equipment was acquired by the Group (six months ended 30 June 2024: nil).

12. TRADE AND OTHER RECEIVABLES

	At 30 June 2025 <i>HK\$'000</i> (Unaudited)	At 31 December 2024 <i>HK\$'000</i> (Audited)
Trade receivables	1,618	–
Less: impairment losses	<u>–</u>	<u>–</u>
	1,618	–
Prepayment to a supplier	332,641	332,641
Prepayments to others	4,557	4,537
Deposits and other receivables	<u>109,687</u>	<u>108,660</u>
	448,503	445,838
Less: impairment losses	<u>(446,737)</u>	<u>(445,695)</u>
	<u><u>1,766</u></u>	<u><u>143</u></u>

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. 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 2025 <i>HK\$'000</i> (Unaudited)	At 31 December 2024 <i>HK\$'000</i> (Audited)
0 to 60 days	<u>1,618</u>	<u>–</u>

13. TRADE AND OTHER PAYABLES

	At 30 June 2025 <i>HK\$'000</i> (Unaudited)	At 31 December 2024 <i>HK\$'000</i> (Audited)
Trade payables	5,414	5,234
Amount due to a director	2,071	2,071
Accruals and other payables	<u>106,022</u>	<u>104,701</u>
	<u>113,507</u>	<u>112,006</u>

Trade payables

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

	At 30 June 2025 HK\$'000 (Unaudited)	At 31 December 2024 HK\$'000 (Audited)
Over 360 days	<u>5,414</u>	<u>5,234</u>

Amount due to a director is unsecured, interest-free and repayable on demand.

14. LOAN FROM A SHAREHOLDER

The loan from a shareholder is unsecured, interest-free and repayable on demand.

15. SHARE CAPITAL

	Number of shares	Amount HKD'000
Authorised:		
Ordinary shares of HK\$0.1 each at 1 January 2024 (audited), 30 June 2024 (unaudited), 1 January 2025 (audited) and 30 June 2025 (unaudited)	<u>800,000,000,000</u>	<u>80,000,000</u>
	Number of shares	Amount HKD'000
Issued and fully paid:		
At 1 January 2024 (audited), 30 June 2024 (unaudited), 1 January 2025 (audited) and 30 June 2025 (unaudited)	<u>20,352,872,747</u>	<u>2,035,287</u>

16. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following balances with its related parties during the Period:

	At 30 June 2025 <i>HK\$'000</i> (Unaudited)	At 31 December 2024 <i>HK\$'000</i> (Audited)
Amount due to a related party	<u>8,719</u>	<u>8,719</u>

17. EVENTS AFTER THE REPORTING PERIOD

On 15 July 2025, a loan from a shareholder, amounting to approximately HK\$101,014,000, was agreed to extend the maturity date of the loan to 14 July 2027, with the shareholder refraining from demanding repayment until the Group is in a financial position to do so.

18. APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the Board of Directors on 29 August 2025.

MANAGEMENT DISCUSSION AND ANALYSIS AND OTHER INFORMATION

BUSINESS REVIEW

The Group is principally engaged in the development and sale of battery management systems and spare parts, high-tech electric motor vehicles, advanced batteries materials and the provision of finance leasing services. During 2025, the Group is also engaged in-vehicle audio-visual and short drama business.

The Group has been engaging in the development of electric vehicles for over a decade. The Group has established connections with teams of experts with extensive experience and expertise in a wide variety of applications in the automotive industry, which forms part of our core strengths in the development of, among other things, advanced and high quality batteries, battery management systems and related technologies.

The global automotive industry is on an evolutionary fast track evolution towards electric mobility. To capture the mass market of the high-tech electric motor vehicles successfully, the Company has put its faith in the continuous improvement of higher quality batteries, parts and technology to provide cleaner, safer and more robust power for electric vehicles.

During the first half of 2025, the uncertain macroeconomic environment and the generally cautious and conservative market sentiment had adversely affected the progress of the Group's development of electric vehicles, and significantly hindered the negotiation progress with potential business partners or investors.

Despite these challenges and the ongoing uncertainties in the global economy, the Board believes that the sales orders received from customers for battery management systems and spare parts in the second quarter of 2025 demonstrate that the Group's business operations have been reactivated and show potential for sustainable growth.

The Group implemented effective and strict cost control policies, the distribution costs and general operating expenses for the Period decreased to approximately HK\$2.5 million (six months ended 30 June 2024: HK\$5.9 million), which consisted of employee benefit expenses (including wages and salaries, pension costs and other benefits) of approximately HK\$0.9 million (six months ended 30 June 2024: HK\$2.8 million) and depreciation expenses of HK\$nil (six months ended 30 June 2024: HK\$0.05 million).

As a result of the above factors, the profit for the Period of the Group was turnaround from loss to profit to approximately HK\$0.2 million (six months ended 30 June 2024: loss for Period of the Group HK\$5.9 million) and the profit attributable to shareholders for the Period amounted to approximately HK\$0.3 million (six months ended 30 June 2024: loss attributable to shareholders HK\$5.8 million).

Despite achieving a turnaround in the first half of 2025, the Company will continue its efforts and act with perseverance, enabling the Group's business development to remain on track or even reach the next level. These efforts include but are not limited to the research and development of technological advancement in the automotive industry, reviewing and making reforms on its on-going projects, exploring, expanding or reinforcing the cooperation and collaboration with its business alliances and/or potential business partners. The Company is confident that as the global economy gradually improves in the future, the Group will sustain its resurgence and will strive to achieve the next success milestone.

PROSPECT AND BUSINESS DEVELOPMENT OF THE GROUP

The Company has a long-term commitment to the global automobile industry, which is constantly evolving.

In-vehicle audio-visual and short drama business

The Group has launched into the in-vehicle audiovisual and short drama business in 2025. The growing number of vehicles, especially new energy ones, is boosting demand for in-car entertainment. At the same time, digital media growth is driving demand for short drama content. Consumers now expect higher quality and more diverse content in both areas, creating a broad market opportunity. The active automotive market and digital media progress further enhance the potential for stable growth in these businesses.

The Board seize the opportunity in integrating in-vehicle audio-visual and short drama content into a business model, especially in the era of smart vehicles. Short dramas is one of the most promising content areas today. By entering this business, the Group can use its high-tech strengths to expand its business scope and diversify revenue sources.

The Group is expected this new business will leverage its technological advantages to enter the fast-growing market and achieve its expansion goals.

Development of electric vehicles

The Group has been engaging in the development of electric motor vehicle for over a decade.

After experiencing years of concept and prototype development, the Group possesses technological capabilities in all major areas and components for the production of an electric vehicle. After launching a series of prototypes and concept cars in various international car shows since 2017, the Group received positive feedback and continued to optimise the prototypes to improve the competitiveness of its product portfolio.

Building on the above success, the Company had formulated a plan to transit into the production stage. As such, the Group was exploring opportunities to enter into the stage of product and manufacturing process development, industrialisation and production. Nevertheless, the operation of the Group was significantly affected by the outbreak of COVID-19 as the collaboration between the international research and development team of the Group was restricted. In addition, the Group's negotiation with the business partners and authorities for the establishment of manufacturing bases were also inevitably suspended. The cautious investment sentiment has further stalled any negotiation progress with the business partners. As such, there has been no material development in the transition into the industrialisation since the outbreak of COVID-19.

Upon gradual recovery of the impact of COVID-19 in the PRC and in the event the financing opportunities materialise, the Group may commence its development plan for industrialisation, including but not limited to (i) renovation of the existing facilities for assembly area; (ii) procurement and fine-tuning of robotic arms for production; (iii) optimisation of manufacturing process and engineering parts of the components; and (iv) obtaining the relevant permissions and registration in mass production of electric vehicles in the PRC.

However, the uncertainty of the global economic situation, trade frictions, and exchange rate fluctuations continue to affect its development plan. The Group will actively explore financing opportunities and commence its development plan as soon as possible.

Proposed acquisition

To facilitate the development of electric vehicles and expansion of manufacturing capability of components of electric vehicles, the Group has continued to identify potential collaboration or acquisition opportunities.

On 28 August 2022, the Company entered into a sale and purchase agreement for a proposed acquisition of the entire equity interest of Best Knob International Limited together with its subsidiaries, (the “**Target Group**”) (the “**Acquisition**”), which are principally engaged in the manufacturing of automobile parts, including transmission gearbox, systems and accessories. Details of the Acquisition are disclosed in the announcements of the Company dated 17 October 2022, 8 March 2023, 31 August 2023, 30 November 2023 and 1 February 2024. As at the date of this announcement, the Acquisition is yet to be completed.

Leveraging on the Group’s experience, know-how and technology in battery systems and designs of high-tech electric motor vehicles, and the transmission system and customer portfolio of the Target Group, the Company considers the Acquisition may create synergy effect by (i) allowing the Group to expand its manufacturing capability for the industrialisation of its electric vehicles; (ii) expanding the sales channel of the Group’s products to leading automobile manufacturers in the PRC; (iii) integrating the supply of transmission parts of the Target Group together with the battery packs and system of the Group; and (iv) accelerating the continuous research and development of battery and electric vehicle technologies.

In the event that the above development plan materialises, the Company is confident that the Group will secure stable revenue stream to continue the development of electric vehicles and improve the profitability of the Group in the future.

Financing opportunities

On top of the ongoing financial support of the major shareholder of the Company, the Board has been proactively exploring all possible financial alternatives including but not limited to equity financing, debt financing, rights issue, open offer or bank borrowings, to finance its business development.

In particular, the Company entered into a subscription agreement for the Subscription (as defined below) in May 2023 as further set out in the section headed “Fund Raising Activities During the Period” below in this announcement. Subsequently, on 10 July 2025, the Group obtained loan facilities amounting to HK\$50,000,000 from a licensed moneylender in Hong Kong.

In light of the aforementioned financial endeavors and recent developments, in the event that the above financing opportunities arise or materialise, the Company holds a strong belief in its capability to execute its business development plan to develop the electric vehicle business.

MATERIAL ACQUISITION OR DISPOSAL

Save as disclosed below, the Group did not have material acquisition or disposal of assets during the Period and any future plans for material investment or capital assets.

On 28 August 2022, the Company entered into a sale and purchase agreement to acquire the entire equity interest of Best Knob International Limited, a company incorporated in Hong Kong with limited liability, at a consideration of HK\$392 million, which will be settled by the issuance of promissory notes in the principal amount of HK\$392 million (the “**Acquisition**”). As at the date of this announcement, the Acquisition is yet to be completed, further announcements on the progress of Acquisition will be made by the Company as and when appropriate.

On 1 February 2024, the Company entered into a supplemental agreement (the “**Supplemental Agreement**”) to amend certain terms of the Sale and Purchase Agreement. 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 as purchaser and Best Knob International Limited (“**Vendor A**”) and Chang Da International Limited (“**Vendor B**”), each as a vendor, and 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.

Details of the Acquisition are disclosed in the announcements of the Company dated 17 October 2022, 8 March 2023, 31 August 2023, 30 November 2023 and 1 February 2024.

FUND RAISING ACTIVITIES DURING THE PERIOD

On 29 May 2023, the Company and Mr. Zhou Zuan (the “**Subscriber**”), a third party independent of the Company and its connected persons, entered into the subscription agreement (the “**Subscription Agreement**”), pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, the 2-year convertible bond (the “**Convertible Bond**”) in the principal amount of HK\$100,000,000 with 5% interest per annum to be issued by the Company and subscribed by the Subscriber, which may be converted into a total of 1,000,000,000 new ordinary shares of the Company of HK\$0.10 each (the “**Conversion Shares**”) to be allotted and issued by the Company pursuant to the exercise of the conversion right attached to the Convertible Bond at the initial conversion price of HK\$0.10 per Conversion Share, subject to the adjustment pursuant to the terms and conditions of the Convertible Bond (the “**Subscription**”). The initial Conversion Price per Conversion Share represents a premium of approximately 244.8% over the closing price of HK\$0.029 per share of the Company as quoted on the Stock Exchange on the date of the Subscription Agreement. The net Conversion Price, after deduction of relevant expenses, is approximately HK\$0.0995 per Conversion Share.

On 20 September 2022, the Company and M6 Investments L.L.C. (the “**Subscriber B**”), a third party independent of the Company and its connected persons, entered into the subscription agreement (the “**Subscription Agreement B**”), pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber B has conditionally agreed to subscribe for 2,000,000,000 shares (the “**Subscription Share**”) of the Company at the subscription price of HK\$0.10 per Subscription Share. As additional time is required for the fulfillment of the conditions precedent under the Subscription Agreement B, the long stop date have been agreed to further extend to 30 June 2025 (or such other time and date as the parties may agree in writing). Details of above subscription are disclosed in the announcements of the Company dated 26 September 2022, 16 February 2023, 30 September 2024 and 27 March 2025. As at the date of this announcement, the above subscription is yet to be completed.

On 28 August 2022, the Company entered into a sale and purchase agreement, pursuant to which the Company has conditionally agreed to acquire the entire equity interest of Best Knob International Limited, a company incorporated in Hong Kong with limited liability, at a consideration of HK\$392 million which shall be settled by the issuance of promissory notes by the Company. Pursuant to the Supplemental Agreement, the consideration in respect of the Acquisition shall be revised as HK\$228.0 million. For details of the Acquisition, please refer to the announcements of the Company dated 17 October 2022, 8 March 2023, 31 August 2023 and 1 February 2024. As at the date of this announcement, the Acquisition is yet to be completed.

The net proceeds from the Subscription shall amount to approximately HK\$99.5 million. The Company intends to apply (i) 50% of the net proceeds for the settlement of the promissory notes to be issued by the Company under the Acquisition; (ii) 30% of the net proceeds as to working capital of the Company for business development; and (iii) 20% of the net proceeds as to general working capital of the Company. Details of the Subscription are disclosed in the announcements of the Company dated 29 May 2023, 14 June 2023, 3 July 2023, 31 August 2023, 31 December 2023, 23 May 2024 and 30 September 2024. As at the date of this announcement, the Subscription is yet to be completed.

Save for the above, the Company had not undertaken any fund raising activity during the Period.

CONTINGENT LIABILITIES

As at 30 June 2025, the Group did not have any material contingent liabilities.

SIGNIFICANT INVESTMENTS

The Group did not hold any material investments during the Period.

As at the date of this announcement, save as disclosed elsewhere in this announcement, the Group does not have any plan for material investment or capital assets for the year ending 31 December 2025.

EVENT AFTER THE PERIOD

Details of significant events occurring after the reporting date are set out in Note 17 to the unaudited condensed consolidated interim financial statements in this announcement.

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 (including treasury shares (as defined under the Listing Rules)). As at 30 June 2025, the Company did not hold any treasury shares.

LIQUIDITY AND FINANCIAL RESOURCES, CAPITAL STRUCTURE AND TREASURY POLICY

As at 30 June 2025, the total deficiency in equity of the Group amounted to approximately HK\$212.6 million (31 December 2024: deficiency in equity of HK\$212.7 million).

The gearing ratio of the Group as at 30 June 2025 measured in terms of total liabilities divided by shareholders' equity was approximately 100.9% (31 December 2024: 100.2%).

As at 30 June 2025, the net current liabilities of the Group were approximately HK\$212.6 million (31 December 2024: net current liabilities of HK\$212.7 million), whereas the cash and cash equivalents amounted to HK\$0.2 million (31 December 2024: HK\$0.2 million). The Group has an outstanding shareholder's loan of HK\$101.1 million (31 December 2024: HK\$101.0 million) as at 30 June 2025, which is unsecured, interest-free and repayable on demand.

As at 30 June 2025, no borrowing was made by the Group.

The Group adopts a conservative and balanced treasury policy in cash and financial management. The Group's cash is generally placed as deposits mostly denominated in Hong Kong dollars or Renminbi. To manage liquidity risk, the Group regularly reviews liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

PLEDGE OF THE GROUP'S ASSETS

As at 30 June 2025, none of the assets of the Group had been pledged (31 December 2024: Nil) to the Group's bankers to secure general banking facilities granted to the Group or otherwise.

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, Hong Kong dollar and/or United States dollar. 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 23 employees as at 30 June 2025 (31 December 2024: 22 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. During the Period, staff costs (including Director's remuneration) was approximately HK\$0.9 million (30 June 2024: approximately HK\$2.8 million).

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to ensure better transparency and protection of the interests of the Company and its shareholders as a whole and to enhance corporate value and accountability. The Company wishes to highlight that the Board will continue to devote efforts in ensuring effective leadership and control of the Company and the transparency and accountability of all operations. Throughout the Period, the Company has applied the principles and complied with all code provisions set out in Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct governing securities transactions by the Directors. All Directors, after specific enquiries by the Company, had 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 has reviewed and discussed with the management of the Company the condensed financial statements of the Group for the Period and this announcement, with no disagreement.

PUBLICATION OF 2025 INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the respective websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://hk1188.etnet.com.hk>).

The Company's interim report for the Period containing the information required by Appendix D2 to the Listing Rules will be despatched to the Company's shareholders in due course.

CONTINUED SUSPENSION OF TRADING

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on Tuesday, 1 April 2025. Trading in the shares of the Company on the Stock Exchange will remain suspended pending the fulfilment of the resumption guidance issued by the Stock Exchange.

By order of the Board
Hybrid Kinetic Group Limited
Shan Chuanlong
Chairman

Hong Kong, 29 August 2025

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Shan Chuanlong (Chairman) and Mr. Kong Fan, two non-executive Directors, namely Mr. Ruan Jian and Mr. Zheng Yu, three independent non-executive Directors, namely Ms. Pan Hong, Mr. Wu Wenchang and Mr. Yuen Wai Keung.