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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)**

### **FINANCIAL ASSISTANCE FROM A CONNECTED PERSON**

#### **SHAREHOLDER'S LOAN AGREEMENT**

The board of directors (the “**Board**” or the “**Directors**”) of Hybrid Kinetic Group Limited (the “**Company**” and its subsidiaries, the “**Group**”) announces that on 24 April 2020, the Company entered into a shareholder’s loan agreement with Dr Yeung Yung (“**Dr Yeung**”) pursuant to which Dr Yeung has agreed to make available to the Company a shareholder’s loan, which is interest-free and unsecured, up to the principal amount of HK\$160,000,000 (the “**Shareholder’s Loan**”) by 31 May 2020 to finance the working capital requirements of the Group. The Shareholder’s Loan is repayable (in full or in part) by the Company on demand.

## **IMPLICATION OF THE LISTING RULES**

Dr Yeung is a connected person of the Company by virtue of his being a substantial shareholder, one of the executive Directors and the chairman of the Group. Accordingly, the entering into of the Shareholder's Loan Agreement constituted a connected transaction for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Given the financial assistance to be received by the Company pursuant to the Shareholder's Loan Agreement is conducted on normal commercial terms or better and is not secured by the assets of the Group, the financial assistance from Dr Yeung to the Company is fully exempt from all of the connected transaction requirements under Rule 14A.90 of the Listing Rules.

## **REASONS FOR, AND BENEFITS OF, THE CONNECTED TRANSACTION**

The Group is principally engaged in the development and sale of battery management systems and spare parts, high-tech electric motor vehicles and advanced batteries materials. The automotive and auto components industry is constantly evolving and transforming, especially with regard to digitalization. The transformation propels the Group to find ways to diversify or transform its business models and processes across the value chain (whether in the design, development, manufacture, marketing and/or sale of automobiles and related materials) from time to time to align with the new sources of growth and value creation, as well as to strengthen its financial and other capabilities so as to rise up to these challenges.

Since the outbreak of the novel coronavirus (COVID-19) at the end of December 2019, the epidemic has been menacing and impact significantly on the global business environment. No industry player (including the Group) in the automotive and auto components industry has been immune to the effects of the epidemic. Under the extremely testing business environment, the Board considers that the act of support, commitment and confidence demonstrated by Dr Yeung (as the chairman of the Group and the single largest and substantial shareholder of the Company) to the Group and in the prospects of its business is timely and has a special meaning and of crucial importance to the Group. The financial assistance offered by Dr Yeung under the Shareholder's Loan Agreement, which are relatively more preferential and viable than other means of financing currently available to the Group, enables the Company to equip itself with better financial capability and flexibility for the business operation, development and working capital requirements of the Group.

In light of the above, the Board (including the independent non-executive Directors and with Dr Yeung abstained from voting on the relevant Board resolutions) considers the terms of the Shareholder's Loan Agreement to be on normal (or more preferential) commercial terms, fair and reasonable and in the interests of the Company and its shareholders taken as a whole.

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

Hong Kong, 24 April 2020

*As at the date of this announcement, the Board comprises nine executive Directors, namely Dr Yeung Yung (Chairman), Mr Feng Rui (Chief Executive Officer), Dr Huang Chunhua (Deputy Chairman), Dr Wang Chuantao (Deputy Chairman), Mr Liu Stephen Quan, Dr Zhu Shengliang, Mr Li Zhengshan, Mr Ting Kwok Kit, Johnny 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.*