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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 2022

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 2022 (the “**Period**”) together with the comparative figures for the corresponding period in 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	<i>Notes</i>	Six months ended 30 June	
		2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Revenue	5	–	1,070
Cost of sales		–	(747)
Gross profit		–	323
Other income		94	14
Distribution costs and general operating expenses		(14,878)	(17,767)
Share of results of associates		–	(3,511)
Loss from operations		(14,784)	(20,941)
Finance costs	6	(87)	(195)

		Six months ended 30 June	
		2022	2021
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Loss before tax		(14,871)	(21,136)
Income tax expense	7	<u>–</u>	<u>–</u>
Loss for the period	8	<u>(14,871)</u>	<u>(21,136)</u>
Other comprehensive loss:			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations – Group		(402)	(3,068)
Exchange differences on translating foreign operations – associates		<u>(7,112)</u>	<u>(1,483)</u>
Other comprehensive loss for the period		<u>(7,514)</u>	<u>(4,551)</u>
Total comprehensive loss for the period		<u>(22,385)</u>	<u>(25,687)</u>
Loss for the period attributable to:			
Owners of the Company		(14,854)	(21,120)
Non-controlling interests		<u>(17)</u>	<u>(16)</u>
		<u>(14,871)</u>	<u>(21,136)</u>
Total comprehensive loss for the period attributable to:			
Owners of the Company		(22,330)	(25,685)
Non-controlling interests		<u>(55)</u>	<u>(2)</u>
		<u>(22,385)</u>	<u>(25,687)</u>
Loss per share	<i>10</i>		
Basic and diluted (<i>cents per share</i>)		<u>(0.07)</u>	<u>(0.10)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	<i>Notes</i>	At 30 June 2022 <i>HK\$'000</i>	At 31 December 2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	<i>11</i>	1,231	1,595
Investment in associates	<i>12</i>	160,042	167,154
Equity investments at fair value through other comprehensive income		<u>14,721</u>	<u>15,375</u>
		<u>175,994</u>	<u>184,124</u>
Current assets			
Inventories	<i>12</i>	96	103
Prepayments, deposits and other receivables	<i>13</i>	468,222	474,092
Bank and cash balances		<u>15,701</u>	<u>16,435</u>
		<u>484,019</u>	<u>490,630</u>
Current liabilities			
Trade and other payables	<i>14</i>	91,937	91,127
Loan from a shareholder	<i>15</i>	122,235	114,487
Lease liabilities		<u>1,758</u>	<u>1,845</u>
		<u>215,930</u>	<u>207,459</u>
Net current assets		<u>268,084</u>	<u>283,171</u>
Non-current liabilities			
Lease liabilities		<u>1,465</u>	<u>2,292</u>
NET ASSETS		<u>442,618</u>	<u>465,003</u>
Capital and reserves			
Share capital		2,035,287	2,035,287
Reserves		<u>(1,594,310)</u>	<u>(1,571,980)</u>
Equity attributable to owners of the Company		440,977	463,307
Non-controlling interests		<u>1,641</u>	<u>1,696</u>
TOTAL EQUITY		<u>442,618</u>	<u>465,003</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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 HM 10, Bermuda. Its principal place of business is Unit 1002, 10th Floor, Infinitus Plaza, 199 Des Voeux Road Central, 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 and development of advanced batteries materials.

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 (the "**Listing Rules**").

These condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2021 ("**2021 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 2021 Annual Financial Statements.

3. GOING CONCERN BASIS

The Group incurred a loss of approximately HK\$14,871,000 and operating cash out flow of approximately HK\$7,256,000 for the six months ended 30 June 2022 (six months ended 30 June 2021: loss of approximately HK\$21,136,000 and operating cash out flow of approximately HK\$10,156,000). 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 the financial support of the major shareholder, at a level sufficient to finance the working capital requirements of the Group. The major shareholder has agreed to provide adequate funds for the Group to meet its liabilities as they fall due. 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 HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (the "HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2022. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards (the "HKAS"); and Interpretations. The adoption of these new and revised HKFRSs 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 HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of those new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs 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:

	High-tech electric motor vehicles	Battery management systems and spare parts	Advanced batteries materials	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Period ended 30 June 2022:				
Revenue	–	–	–	–
Segment loss	(2,765)	(424)	(78)	(3,267)
At 30 June 2022:				
Segment assets	530,227	6,525	138	536,890
Segment liabilities	6,679	9,053	1	15,733
Period ended 30 June 2021:				
Revenue	–	1,070	–	1,070
Segment loss	(6,853)	(471)	(39)	(7,363)
At as 31 December 2021:				
Segment assets (audited)	429,096	14,417	2,236	445,749
Segment liabilities (audited)	6,957	25,121	1	32,079

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

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue:		
Total revenue of reportable segments and consolidated revenue	–	1,070
Profit or loss:		
Total loss of reportable segments	(3,267)	(7,363)
Corporate and unallocated profit or loss	(11,604)	(13,773)
Consolidated loss for the period	(14,871)	(21,136)

	At 30 June 2022 HK\$'000 (Unaudited)	At 31 December 2021 HK\$'000 (Audited)
Assets:		
Total assets of reportable segments	536,890	445,749
Corporate and unallocated assets:		
– Equity investments at fair value through other comprehensive income	14,721	15,375
– Bank and cash balances held by the Group's headquarter	10,917	11,720
– Others	97,485	201,910
	<hr/>	<hr/>
Consolidated total assets	660,013	674,754
	<hr/> <hr/>	<hr/> <hr/>
Liabilities:		
Total liabilities of reportable segments	15,733	32,079
Corporate and unallocated liabilities		
– Others	201,662	177,672
	<hr/>	<hr/>
Consolidated total liabilities	217,395	209,751
	<hr/> <hr/>	<hr/> <hr/>
Breakdown of revenue:		
	Six months ended 30 June 2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Sales of batteries and spare parts	<hr/> –	<hr/> 1,070
Revenue from contracts with customers	<hr/> –	<hr/> 1,070
	<hr/> <hr/>	<hr/> <hr/>

Disaggregation of revenue from contracts with customers:

Segments	Six months ended 30 June 2022			
	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	-	-	-	-
Major products/service				
Sales of batteries and spare parts	-	-	-	-
Timing of revenue recognition				
At a point in time	-	-	-	-
	Six months ended 30 June 2021			
Segments	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	-	1,070	-	1,070
Major products/service				
Sales of batteries and spare parts	-	1,070	-	1,070
Timing of revenue recognition				
At a point in time	-	1,070	-	1,070

6. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Lease interests	<u>87</u>	<u>195</u>

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax – PRC Enterprise Income Tax		
– Provision for the period	<u>–</u>	<u>–</u>

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit in Hong Kong during the period (2021: 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. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging the following:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	–	747
Depreciation	355	6,080
Gain on disposal of property, plant and equipment	–	(769)
Research and development costs	37	48
Staff costs including directors' emoluments		
– Salaries, bonus and allowances	7,413	9,220
– Retirement benefits scheme contributions	500	628
	7,913	9,848

9. DIVIDENDS

The Directors do not recommend or declare the payment of any dividend in respect of the periods ended 30 June 2022 and 2021.

10. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for period attributable to owners of the Company of approximately HK\$14,854,000 (2021: approximately HK\$21,120,000) and the weighted average number of 20,352,873,000 (2021: 20,352,873,000) ordinary shares in issue during the period.

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive during both periods.

11. PROPERTY, PLANT AND EQUIPMENT

During the period, no property, plant and equipment was acquired by the Group (2021: Nil).

12. INVENTORIES

	At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
Raw materials	–	3
Finished goods	96	100
	<u>96</u>	<u>103</u>

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
Trade receivables	694	1,055
Prepayment to a supplier	332,641	332,641
Prepayments to others	7,162	12,995
Deposits and other receivables	125,107	124,711
Amounts due from directors	2,618	2,690
	<u>468,222</u>	<u>474,092</u>

Trade receivables

The aging analysis of trade receivables, based on invoiced date, and net of allowance, is as follows:

	At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
0 to 60 days	–	1,055
Over 180 days	694	–
	<u>694</u>	<u>1,055</u>

14. TRADE AND OTHER PAYABLES

	At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
Trade payables	5,787	6,043
Accruals and other payables	<u>86,150</u>	<u>85,084</u>
	<u>91,937</u>	<u>91,127</u>

Trade payable

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

	At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
Over 360 days	<u>5,787</u>	<u>6,043</u>

15. LOAN FROM A SHAREHOLDER

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

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, and advanced batteries materials. The Group is also engaged in the provision of finance leasing services.

The Group has been engaged in the automotive batteries business since 2011. 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 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 Period, despite the highly challenging business environment under the prolonged coronavirus disease 2019 (“**COVID-19**”) pandemic, the Group has continued to explore business development opportunities by leveraging its core strengths and identify, engage and participate in different strategic alliances and business partnerships to, among other things, (i) research, develop and deploy technologies in the areas of high performance electrical systems architecture and battery technologies; (ii) establish and maintain manufacturing bases; and (iii) explore the viability of different business models in an efficient and cost-effective manner.

The prolonged COVID-19 pandemic has, however, continued to pose significant challenges to the Group’s research and development progress. In the first half of 2022, the Group experienced a number of adversities concurrently, a rare situation that the Group had never encountered previously. The governments of Hong Kong Special Administrative Region (the “**HKSAR**”) and the People’s Republic of China (the “**PRC**”) have been implementing stringent social distancing measures since the beginning of the COVID-19 outbreak in 2019, lock down measures have also been further implemented in response to the 5th wave of the pandemic in light of an exponential rise in confirmed cases. This situation was aggravated by the uncertain macro-economic environment and generally cautious and conservative market sentiment, which had adversely affected the progress of the Group’s research and development projects, and significantly hindered the negotiation progress with potential business partners or investors.

As a result of the aforementioned stringent social distancing and lock down measures implemented by the PRC and HKSAR governments, coupled with the uncertainties in the global economy, business and sales activities of the Group had been significantly disrupted during the Period. The Group recorded nil revenue and gross profit for the Period as compared to a revenue of HK\$1.1 million and gross profit of HK\$0.3 million in the corresponding period last year.

The Group implemented effective and strict cost control policies, the distribution costs and general operating expenses for the Period decreased to approximately HK\$14.9 million (30 June 2021: HK\$17.8 million), which consisted of employee benefit expenses (including wages and salaries, pension costs and other benefits) of approximately HK\$7.9 million (30 June 2021: HK\$9.8 million) and depreciation expenses of approximately HK\$0.4 million (30 June 2021: HK\$6.1 million).

As a result of the above factors, the loss for the Period of the Group decreased to approximately HK\$14.8 million (30 June 2021: HK\$21.1 million) and the loss attributable to shareholders for the Period amounted to approximately HK\$14.8 million (30 June 2021: HK\$21.1 million).

Nevertheless, the Company believes its continuous efforts and perseverance will bring the Group's business development back on track or even to the next level. These efforts include but not limited to the research, development and deployment 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 the Group will gradually catch up as the global economy recovers from the pandemic, and will strive to achieve the next success milestone in the automotive industry.

PROSPECTS

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

Since the outbreak of COVID-19 at the end of December 2019, the pandemic has been menacing and impacted on the global business environment. No industry player in the automotive industry was immune to the effects of COVID-19.

Despite the uncertainties in the global economic prospect as a result of the prolonged COVID-19 pandemic, the Group remains confident in the automotive market, especially in the PRC as it is the world's largest automotive market. In addition, given the PRC government is keen on combating air pollution and narrowing the competitive gap between the global rivals and its domestic automakers, we believe that the development of new energy vehicles and its related products and advanced battery technology will continue to be a focus of global and domestic interest and a major trend in improving air pollution and enhancing economic sustainability.

The Group has continued to work closely with its partners in relation to the application of its advanced battery technology. Leveraging on the Group's expertise in advanced battery technology, the Group has explored collaboration opportunities in the application of its advanced battery technology by providing technical configuration advice, material specification and optimisation process service in advanced batteries materials to be produced by its partners. The Board is of the view that the Group's expertise in the advanced battery technology may continue to drive the Group's business and generate new stream of revenue for the Group.

The Group will continue to seek opportunities for strategic investment, cooperation and/or collaboration with renowned organizations, 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 businesses.

Further, in response to the ongoing nature of the COVID-19 pandemic and other challenges, the Company will embrace agility in adapting its business strategies to the changing market and customer needs to maximize or safeguard the overall interests of the Company and its shareholders.

CONTINGENT LIABILITIES

As at 30 June 2022, 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, the Group does not have any plan for material investment or capital assets (other than existing projects (including research and development projects)) for the year ending 31 December 2022.

MATERIAL ACQUISITION OR DISPOSAL

During the Period, the Group did not have material acquisition or disposal of subsidiaries, associates, joint venture, or assets.

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.

LIQUIDITY AND FINANCIAL RESOURCES, CAPITAL STRUCTURE AND TREASURY POLICY

As at 30 June 2022, the total equity of the Group amounted to approximately HK\$442.6 million (31 December 2021: HK\$465.0 million).

The gearing ratio of the Group as at 30 June 2022 measured in terms of total liabilities divided by shareholders' equity was approximately 49.12% (31 December 2021: 45.11%).

As at 30 June 2022, net current assets of the Group were approximately HK\$268.1 million (31 December 2021: HK\$283.2 million). The cash and cash equivalents amounted to HK\$15.7 million (31 December 2021: HK\$16.4 million). The Group had an outstanding shareholder's loan of HK\$122.2 million (31 December 2021: HK\$114.5 million), which was unsecured, interest-free and repayable on demand.

As at 30 June 2022, 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, United States 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 2022, none of the assets of the Group had been pledged (31 December 2021: Nil) to the Group's bankers to secure general banking facilities granted to the Group.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

During the Period, almost all expenditure of the Group were denominated in Renminbi, Hong Kong dollars and/or United States dollars. 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 50 employees as at 30 June 2022 (31 December 2021: 60 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 under the share option scheme adopted by the Company 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\$7.9 million (30 June 2021: approximately HK\$9.8 million).

CORPORATE GOVERNANCE

Throughout the Period, the Company has applied the principles and complied with the code provisions set out in Part 2 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding securities transactions by the Directors. All Directors, after specific enquiries by the Company, has 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 consolidated financial statements of the Group for the Period and this announcement, with no disagreement. The interim results of the Group for the Period are unaudited and have been reviewed by the auditor of the Company.

AMENDMENT OF CONSTITUTIONAL DOCUMENT

To bring the constitution of the Company in line with certain changes to the Listing Rules which came into force on 1 January 2022, the second amended and restated bye-laws of the Company was adopted by way of a special resolutions passed by the shareholders of the Company at the annual general meeting held on 6 June 2022.

CONTINUED SUSPENSION OF TRADING IN SHARES

As disclosed in the annual reports of the Company for the year ended 31 December 2020 and 2021 (the “**2020 and 2021 Annual Reports**”), the Company’s auditor, ZHONGHUI ANDA CPA Limited (the “**Auditor**”) did not express an opinion (the “**Disclaimer of Opinion**”) on the consolidated financial statements of the Group for the year ended 31 December 2020 and 2021 because the Auditor was unable to obtain sufficient appropriate audit evidence on certain matters (the “**Audit Issues**”) as summarized in the Independent Auditor’s Report contained in the 2020 and 2021 Annual Reports. Please refer to the 2020 and 2021 Annual Reports for details of the circumstances leading to the Audit Issues and the views of the Audit Committee and the Board on the Disclaimer of Opinion.

As mentioned in the Company’s announcement dated 22 June 2021, the Company received a letter from the Stock Exchange on 17 June 2021 in which the Stock Exchange (i) expressed its concerns that the Company did not maintain a sufficient level of operation and assets to comply with Rule 13.24 of the Listing Rules and (ii) set out the resumption guidance (the “**Resumption Guidance**”) for the Company to (a) address the Audit Issues giving rise to the Disclaimer of Opinion, provide comfort that the Disclaimer of Opinion in respect of the Audit Issues would no longer be required and disclose sufficient information to enable investors to make an informed assessment of its financial positions as required under Rule 13.50A of the Listing Rules; (b) demonstrate the Company’s compliance with Rule 13.24 of the Listing Rules; and (c) inform the market of all material information for the Company’s shareholders and investors to appraise the Company’s position. In addition, the Stock Exchange has set out further guidance relating to Rule 6.01A of the Listing Rules (the “**Further Guidance**”) which states that the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period under Rule 6.01A(1) expires on 30 September 2022. If the Company fails to remedy the issues causing its trading suspension, fully comply with the Listing Rules to the Stock Exchange’s satisfaction and resume trading in its Shares by 30 September 2022, the Listing Division will recommend the Listing Committee to proceed with the cancellation of the Company’s listing. Under Rules 6.01 and 6.10 of the Listing Rules, the Stock Exchange also has the right to impose a shorter remedial period, where appropriate.

The Company is required to remedy the issue(s) causing its trading suspension and fully comply with the Listing Rules to the satisfaction of the Stock Exchange before trading in its securities is allowed to resume. For this purpose, the Company has the primary responsibility to devise its action plan for resumption. The Stock Exchange may modify or supplement the Resumption Guidance if the Company's situation changes.

The Company is in the course of consulting its professional advisers and taking appropriate steps to address the Stock Exchange's concerns, fulfil and comply with the requirements under the Resumption Guidance and the Further Guidance. The Company will keep its shareholders and potential investors informed of the progress as and when appropriate.

Trading in the Shares on the Stock Exchange has been suspended since 1 April 2021 and will remain suspended until further notice.

PUBLICATION OF THE INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2022 will be published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (<http://hk1188.etnet.com.hk>) in due course.

By Order of the Board
HYBRID KINETIC GROUP LIMITED
Yeung Yung
Chairman

Hong Kong, 31 August 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.