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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)

SUPPLEMENTAL INFORMATION IN RELATION TO SUBSCRIPTION OF CONVERTIBLE BOND UNDER GENERAL MANDATE

Reference is made to the announcement of the Company dated 29 May 2023 in relation to the Subscription of the Convertible Bond under general mandate (the “**Announcement**”). Unless the context otherwise requires, capitalised terms used herein shall have the same meaning as those defined in the Announcement.

I. SUPPLEMENTAL AGREEMENT

On 14 June 2023, the Company entered into a supplemental agreement to the Subscription Agreement with the Subscriber, pursuant to which the parties have agreed that, in the event that the conditions precedent under the Subscription Agreement are not fulfilled or waived (as the case maybe) on or before 5 p.m. (Hong Kong time) on 30 June 2023 (or any later date as the parties may agree in writing), the Subscription Agreement shall automatically terminate forthwith and be of no further effect, and the Company shall return any subscription monies received from the Subscriber, without interest, if any has already been paid. Upon refund of the subscription monies, none of the parties to the Subscription Agreement shall have any claim of any nature whatsoever against, nor shall assume any responsibility or obligation for, the other in respect of the Subscription Agreement, save for any antecedent breaches before the termination of the Subscription Agreement.

II. SUPPLEMENTAL INFORMATION TO THE CONVERTIBLE BOND

As disclosed in the Announcement, the initial Conversion Price of HK\$0.10 per Conversion Share is subject to adjustments upon occurrence of certain events as summarised in the sub-paragraph headed “Adjustment to the Conversion Price” under the paragraph headed “Principal terms and conditions of the Convertible Bond” in the Announcement.

The Company wishes to provide further information in relation to the adjustment mechanisms under the respective events as follows:

(a) Consolidation or sub-division of the Shares

In the event there is an alteration to the nominal value of the Shares as a result of consolidation or subdivision, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

A/B

Where:

A represents the nominal amount of one Share immediately after such alteration;
and

B represents the nominal amount of one Share immediately before such alteration.
Such adjustment shall become effective on the date immediately prior to the date of such alteration takes effect.

(b) Capitalisation of profits or reserves

In the event the Company issues any Shares to Shareholder(s) by way of capitalisation of profits or reserves other than Shares issued in lieu of the whole or a part of cash dividend, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

A/B

Where:

A represents the nominal amount of the issued Shares immediately before such issue; and

B represents the nominal amount of the issued Shares immediately after such issue.

(c) Capital distribution

In the event the Company makes any capital distribution to Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such capital distribution by the following fraction:

$$(A - B)/A$$

Where:

A is the market price of the Share (being the average closing price of the Share for the respective last five trading days) (the “**Market Price**”) on (i) the date on which the capital distribution is publicly announced; or (ii) the date of the capital distribution; and

B is the fair value of the Share on the date of such announcement of the portion of the capital distribution attributable to one Share as determined by a financial adviser engaged by the Company.

(d) Rights issues, issue of share options and warrants

If and whenever the Company offers to Shareholder(s) new Shares for subscription by way of rights issues, or granting to the Shareholders any options or warrants to subscribe for new Shares at a price per Share which is less than 90% of the market price per Share at the date of the announcement of the terms of the offer or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$(A + B)/(A + C)$$

Where:

A represents the number of Shares in issue immediately before such announcement;

B represents the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights issues or for the options or warrants or other rights issued or granted by way of rights issues and for the total number of Shares comprised therein would subscribe for, purchase or otherwise acquire at such Market Price per Share; and

C represents the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.

(e) Issue of other securities

In the event the Company issues any securities which are convertible into or exchangeable for or carry rights of subscription for new Shares wholly for cash, and the relevant consideration per new Shares initially receivable is less than 90% of the market price per Share at the date of announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$(A + B)/(A + C)$$

Where:

A represents the number of Shares in issue immediately before such announcement;

B represents the number of Share which the aggregate amount payable for the such securities at the Market Price per Share; and

C represents the aggregate number of Shares to be issued upon conversion or exchange of such securities or upon the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

(f) Modification of the rights of conversion, exchange or subscription

In the event of any modification(s) of the rights of conversion, exchange or subscription attaching to any such securities mentioned in event (e) above arises, and that the relevant consideration per new Share is less than 90% of the market price per Share at the date of announcement of the proposal to modify such rights of conversion or exchange or subscription, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction:

$$(A + B)/(A + C)$$

Where:

A represents the number of Shares in issue immediately before such modification;

B represents the number of Shares which the aggregate consideration receivable by the Company for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to the securities so modified would purchase at such current Market Price per Share; and

C represents the number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate.

(g) Issuance of Shares for cash or assets

In the event the Company issue new Shares for cash or assets any Shares at a price per Share less than 90% of the market price per Share at the date of announcement of the terms of issue of such Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately on the date of such issuance by the following fraction:

$$(A + B)/(A + C)$$

Where:

A is the number of Shares in issue immediately before the announcement of such issuance;

B is the number of Share which the aggregate amount payable for the such Shares at the Market Price per Share; and

C is the aggregate number of Shares issued.

In the event any of the adjustments materialise, the Company will make further announcement to notify the Shareholders as and when necessary in compliance with the Listing Rules.

Pursuant to the latest terms of the Convertible Bond, clause (h) as disclosed in the subparagraph headed “Adjustment to the Conversion Price” under the paragraph headed “Principal terms and conditions of the Convertible Bond” in the Announcement has been removed in its entirety and shall no longer form an adjustment event to the Conversion Price of the Convertible Bond.

Save as disclosed above, all other terms and conditions of the Convertible Bond remain unchanged.

GENERAL

The above supplemental information and clarification do not affect other information and contents set out in the Announcement. Save as disclosed herein, the contents of the Announcement remain unchanged and shall continue to be valid for all purposes.

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

Hong Kong, 14 June 2023

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 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.