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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)

BUSINESS UPDATE: DIVERSIFICATION OF BUSINESS – FINANCE LEASING APPLICATION FOR PATENT REGISTRATION OF AN INVENTION IN THE U.S.

INTRODUCTION

To pursue the Company's philosophy of "*technology driven, stage-by-stage development and combination of electric motor vehicles with financial innovation*" in the development of the Group's automobile and related businesses, the board of directors (the "**Board**") of Hybrid Kinetic Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to provide the following business updates to our shareholders.

DIVERSIFICATION OF BUSINESS – FINANCE LEASING BUSINESS

上海正道融資租賃有限公司 (HK Leasing Co., Ltd.)*, an indirect, wholly-owned subsidiary of the Company, has been established to engage in, and has obtained all necessary approvals and business licence for, the operation of finance leasing business in the People's Republic of China.

The Company anticipates that the finance leasing business will promote and boost the automobile business of the Group (in particular, the development of its electric bus business). This is because the financial flexibility available and package offered by the Group under the finance leasing arrangement to transportation solutions operators (such as municipality transit companies) will ease such general concerns over the issues of (i) the requirement to make significant initial outlays to buy the electric buses (through obtaining finance-lease from the Group); and (ii) battery degradation (as the Group will provide a 10-year warranty for the battery packs installed in electric buses under the finance lease arrangement with the Group).

Through the finance lease arrangement, the electric motor vehicles (such as electric buses) are effectively leased to transportation solutions operators which choose to take out finance-lease from the Group at minimal or zero upfront payment. The Group will provide a 10-year warranty for the battery packs installed in the electric motor vehicles under the finance-leasing arrangement. Upon repayment in full of the principal and accrued interest due under the finance-leasing arrangement and in the absence of the occurrence of any event of default, the lessee is entitled to the ownership of the electric motor vehicles under the finance-lease arrangement after the maturity of the finance-lease period. To minimise any default risk, the Group will, to the extent practicable, obtain guarantee from municipal government in its favour to secure the performance of the contractual obligation (in particular, payment obligation) of the lessees under the finance-lease arrangement.

APPLICATION FOR REGISTRATION OF PATENT IN RESPECT OF AN INVENTION IN THE UNITED STATES (THE “U.S.”)

The Company is keen to strengthen the Group’s competitiveness in the automobile industry and realises that technological innovation, as well as its protection, play an important role in the development of its automobile and related businesses.

To attain the above objective, Angstrom Holdings Corporation (a subsidiary of the Company in the United States) has made an application for patent registration in respect of its proprietary interest in an invention (namely “*Nanoporous Graphene Nanowires and Producing Methods and Applications of Same*”) 納米多孔石墨烯的製造方式及應用 (the “**Invention**”) in the U.S. Patent and Trademark Office. The application, if successful, will take about 24 months to complete.

The Invention relates generally to nanocarbon materials, and more particularly to a porous graphene nanowire material with a pore-rich structure, production methods and applications of the porous graphene nanowire material. Porous graphene nanowires can be used as an electrochemical energy storage material, carriers of catalysts, a conductive material, an adsorption material, a desorption material, or the like. The application of the Invention in the manufacture of electric motor vehicles and auto components (such as batteries, electric motors, electric controls and automatic transmission system) allows excellent mechanical flexibility and conductivity, and is expected to enhance greatly the performance, efficiency and reliability of the electric motor vehicles developed and manufactured by the Group.

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

Hong Kong, 25 May 2015

As at the date of this announcement, the Board comprises ten executive Directors, namely Dr Yeung Yung (Chairman), Dr Huang Chunhua (Deputy Chairman), Dr Wang Chuantao (Chief Executive Officer), Mr Hui Wing Sang, Wilson (Deputy Chairman), Mr Liu Stephen Quan, Dr Zhu Shengliang, Mr Xu Jianguo, Mr Li Zhengshan, Mr Ting Kwok Kit, Johnny and Mr Chen Xiao, one non-executive Director, namely Dr Xia Tingkang, Tim and six independent non-executive Directors, namely Mr Wong Lee Hing, Dr Song Jian, Dr Zhu Guobin, Mr Cheng Tat Wa, Dr Li Jianyong and Mr Chan Sin Hang.

* *For identification purposes only*