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FDG Kinetic Limited

五龍動力有限公司

(Receivers and Managers Appointed)

(Incorporated in Bermuda with limited liability)

(Stock Code: 378)

UPDATE ON FDG KINETIC (CHONGQING) LITHIUM ION BATTERY MATERIALS CO., LTD.*

Reference is made to the announcement (the “**Announcement**”) of FDG Kinetic Limited (Receivers and Managers Appointed) (the “**Company**”) dated 21 April 2021. Capitalised terms defined in the Announcement shall have the same meaning in this announcement unless otherwise defined.

The board of directors of the Company was informed by the auditors of the Company that during the course of audit for the consolidated financial statements of the Company for the year ended 31 March 2021, the auditors came across four contracts (the “**Dubious Contracts**”) purportedly entered into between FDG Kinetic Chongqing, a wholly-owned subsidiary of the Company and a company named 五龍能源科技（重慶）有限公司 (the “**Purported Customer**”). These Dubious Contracts were stamped with the official company stamp (公章) or contract stamp (合同專用章) (collectively, the “**Company Stamps**”) of FDG Kinetic Chongqing without legitimate authorisation and was made during the period when the Company Stamps were under the escrow of Dentons (Chongqing) Law Firm* (北京大成（重慶）律師事務所) (the “**Escrow Agent**”). Upon preliminary enquiry by the Company, the Escrow Agent responded that it was unaware of the circumstances leading to the stamping of the Dubious Contracts despite the Company Stamps were in escrow with them at the relevant time.

According to the records provided by FDG Kinetic Chongqing, the total sales between FDG Kinetic Chongqing and the Purported Customer for the year ended 31 March 2021 is no less than RMB13 million and at 31 March 2021, there was an outstanding trade balance of approximately RMB5.2 million receivable from the Purported Customer. Upon preliminary investigation, it also came to the attention of the Company that the Purported Customer is related to Wu Fei, the former general manager of FDG Kinetic Chongqing who forcibly robbed the Company Stamps and other corporate documents of FDG Kinetic Chongqing from the Escrow Agent in March 2021 as disclosed in the Announcement and the supervisor of the Purported Customer is Wei Ang (魏昂) who is currently the head of sales of FDG Kinetic Chongqing.

The Audit Committee of the Company will investigate the transactions related to the Dubious Contracts and any material implications therein and consider taking appropriate actions, including but not limited to, reporting the matters to the local police and appointing a forensic accountants.

The Company will make further announcement, if necessary, on any updates regarding the Dubious Contracts and FDG Kinetic Chongqing.

On behalf of the Board
FDG Kinetic Limited
(Receivers and Managers Appointed)
Jaime Che
Chief Executive Officer

Hong Kong, 17 June 2021

** for identification purposes only*

As at the date of this announcement, the Board comprises Mr. Jaime Che (Chief Executive Officer) and Mr. Wong Siu Hung Patrick (executive function suspended) as executive Directors; and Dr. Chang Sun Bun Benson, Mr. Hung Chi Yuen Andrew and Mr. Lo Kon Ki as independent non-executive Directors (and with the Company reserving its rights and position as stated in the announcement on 30 April 2021).

Website: <http://www.fdgkinetic.com>