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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 PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE

This announcement is made pursuant to Rule 3.7 of the Takeovers Code by FDG Kinetic Limited (Receivers and Managers Appointed) (the “**Company**”).

Reference is made to the joint announcements of the Company and FDG EV dated 16 April 2020, 29 April 2020, 5 May 2020, 3 June 2020, 2 July 2020, 28 July 2020 and 13 August 2020 and the announcements of the Company dated 15 September 2020, 15 October 2020, 13 November 2020, 11 December 2020, 11 January 2021, 11 February 2021, 11 March 2021, 12 April 2021, 12 May 2021, 20 May 2021 and 4 June 2021 (collectively the “**Announcements**”). Terms defined in the Announcements shall have the same meaning herein unless otherwise defined or the context otherwise requires.

Update on MOU

As disclosed in the announcement of the Company dated 4 June 2021, the Investor had agreed to extend the deadline for signing of the Formal Agreement to 18 June 2021.

On 15 June 2021, the Receivers wrote to the JPLs to seek their in-principle support for the transactions stipulated under the MOU (the “**Proposal**”) for the third time. Subsequently on that date, the Receivers received a letter from the JPLs stating, inter alia, that the directors of Union Grace and Sinopoly are duly appointed by the JPLs as sole shareholder of those companies and that the JPLs believed those directors are capable of making decisions in relation to the Proposal. The JPLs did not have anything to add to the in-principle support of Union Grace and Sinopoly previously provided to the Receivers on 2 June 2021. On 16 June 2021, the Receivers further wrote to the JPLs, inter alia, to seek their clarification on who would have the “final say” on the voting rights in relation to the shares of the Company held by Union Grace and Sinopoly (the “**Majority Shareholdings**”). On 17 June 2021, the JPLs responded that as matter now

stands, it is for the boards of directors of Union Grace and Sinopoly to decide how to vote on the Proposal.

In addition, on 15 and 16 June 2021, the Receivers also wrote to Sino Power (as chargee of the Majority Shareholdings) to seek their in-principle support for the Proposal (or alternatively, to confirm that they do not object to the “in-principle” support already given by Union Grace and Sinopoly) for the third and fourth time, stating that Sino Power’s “in-principle” support might be essential in order to adjourn the winding-up petition against the Company. Sino Power has not responded up till the date of this announcement.

As of the date of this announcement, despite the complete lack of response from Sino Power (but they have never ever stated any objection either) given all pertinent parties consider that a final opportunity should be given to rescue the Company; and negotiations for the Formal Agreement should continue notwithstanding the winding-up petition, the Investor has agreed to further extend the deadline for signing of the Formal Agreement to 2 July 2021.

Update on Shares held by Union Grace and Sinopoly

With regard to the Majority Shareholdings, the Company was informed on 16 June 2021 by the Receivers that, following discussions between the Receivers on one hand, and Sino Power on the other hand and upon Sino Power’s invitation to procure possible expression of interest to acquire all of the Majority Shareholdings, the Receivers have approached and received an expression of interest/indicative offer (the “**Indicative Offer**”) from an interested party to purchase all of the Majority Shareholdings, subject to contract and subject to terms to be agreed; and that the Receivers had issued a letter to the JPLs (copying the Company) notifying the JPLs that the Receivers had informed Sino Power and its holding company, China Orient Asset Management Company Limited, (collectively the “**COAMC Group**”) of the Indicative Offer. As informed by the Receivers, as at the date of this announcement, there is no indication from the JPLs or the COAMC Group that they would negotiate with the interested party for the disposal of the Majority Shareholdings and no agreement has been reached with regard to the Indicative Offer.

As further informed by the Receivers, the interested party is Victory Summit Global Limited, a company incorporated in the British Virgin Islands and beneficially owned by Mr. Xu Haohao (“**Mr. Xu**”). Mr. Xu had previously made an offer to the JPLs for the acquisition of the Majority Shareholdings held by Union Grace and Sinopoly, which offer has since lapsed. For details of the previous offer made by Mr. Xu, please refer to the announcements jointly made by the Company and FDG EV dated 16 April 2020, 5 May 2020, 3 June 2020, 2 July 2020, 28 July 2020 and 13 August 2020, the announcement of the Company dated 15 September 2020 and the announcement of FDG EV dated 16 September 2020.

In addition, Victory Summit Global Limited is also the Investor under the Proposed Capital Enlargement as disclosed in the Company's announcements dated 12 May 2021, 20 May 2021 and 4 June 2021. Alongside the negotiations on the Proposed Capital Enlargement, the Receivers approached the Investor for possible expression of interest to acquire all the Majority Shareholdings, and then the Investor communicated the Indicative Offer to the Receivers. As at the date of this announcement, neither the Formal Agreement for the Proposed Capital Enlargement nor any agreement relating to the Indicative Offer has been entered into by the parties. Nevertheless, the Company and the Receivers will continue their negotiation with the Investor on the Proposed Capital Enlargement and further announcement(s) will be made by the Company in this aspect.

Save as disclosed above, as at the date of this announcement, the board of directors of the Company is not aware of any definitive proposal regarding the Majority Shareholdings. However, the JPLs and/or the COAMC Group may still dispose of the Majority Shareholdings. The Company had confirmed with the JPLs that the number of shares of the Company held by Union Grace and Sinopoly as of the date of this announcement are 1,395,081,294 shares and 3,318,770,490 shares respectively (representing approximately 20.66 % and 49.14 % of the issued share capital of the Company respectively). As the Company is still under offer period and in compliance with Rule 3.7 of the Takeovers Code, monthly announcement(s) (this announcement being one of them) setting out the progress of any possible disposal by the JPLs of the shares of the Company will be made until the announcement of a firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is made.

Warning

The Proposal or the possible sale of the Majority Shareholdings by the JPLs and/or the COAMC Group may or may not materialise, and even if materialised, may or may not result in a change of control and lead to a general offer under Rule 26.1 of the Takeovers Code. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).

For and on behalf of
FDG Kinetic Limited
(Receivers and Managers Appointed)
Jaime Che
Chief Executive Officer

Hong Kong, 22 June 2021

As at the date of this announcement, the board of directors of the Company 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).

The directors of the Company jointly and severally accept full responsibility for the accuracy of information contained in this announcement, and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

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