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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)

**ANNOUNCEMENT PURSUANT TO THE TAKEOVERS CODE IN
RELATION TO VOLUNTARY CONDITIONAL CASH OFFER BY YU MING
INVESTMENT MANAGEMENT LIMITED ON BEHALF OF VICTORY
SUMMIT GLOBAL LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF
FDG KINETIC LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO BE
ACQUIRED BY VICTORY SUMMIT GLOBAL LIMITED AND PARTIES
ACTING IN CONCERT WITH IT)**

Reference is made to the announcement of the Company pursuant to Rule 3.7 of the Takeovers Code dated 25 June 2021.

THE OFFER

The Board received a letter from Yu Ming on 24 June 2021 after trading hours notifying the Board that Yu Ming, on behalf of the Offeror, intended to make a voluntary conditional cash offer to acquire all the Offer Shares (other than those Shares already owned or agreed to be acquired by the Offeror and its Concert Parties). On 5 July 2021, the Offeror published the Offer Announcement setting out details of the Offer, including the Offer Price and the information and intention of the Offeror. Shareholders' attention is drawn to the Offer Announcement.

ADVICE FOR THE SHAREHOLDERS

An independent board committee of the Company comprising all the independent non-executive Directors namely, Dr. Chang Sun Bun Benson, Mr. Hung Chi Yuen Andrew and Mr. Lo Kon Ki, will be formed to give advice to the Shareholders on the Offer. An independent financial adviser will be appointed by the Company to advise the independent board committee of the Company on the Offer as soon as practicable. A further announcement will be made by the Company following the appointment of

the independent financial adviser. Shareholders are advised to take no action as regards the Offer until they have received the advice of the independent board committee and the independent financial adviser.

The Board wishes to draw the attention of the Shareholders to the Offer Announcement for the details of the Offer. The Offer is subject to the conditions described in the paragraph headed “Conditions to the Offer” set out in the Offer Announcement and accordingly the Offer may or may not become unconditional. Shareholders and potential investors of the Company are advised to exercise extreme caution when dealing in the securities of the Company.

SUSPENSION OF TRADING

Trading of the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 2 July 2021, pending the publication of the audited annual results of the Company for the year ended 31 March 2021.

This announcement is issued by the Company pursuant to the Takeovers Code.

Reference is made to the announcement of the Company pursuant to Rule 3.7 of the Takeovers Code dated 25 June 2021.

THE OFFER

The Board received a letter from Yu Ming on 24 June 2021 after trading hours notifying the Board that Yu Ming, on behalf of the Offeror, intended to make a voluntary conditional cash offer to acquire all the Offer Shares (other than those Shares already owned or agreed to be acquired by the Offeror and its Concert Parties). On 5 July 2021, the Offeror published the Offer Announcement setting out details of the Offer, including the Offer Price, conditions to the Offer and the information and intention of the Offeror. The Offer will be made by Yu Ming for and on behalf of the Offeror, on and subject to the terms to be set out in the Offer Document and the forms of acceptance and transfer accompanied therewith to acquire all the Shares not already owned by the Offeror and parties acting in concert with it at the Offer Price of HK\$0.0043 per Share in cash.

The information pertaining to the Offer as extracted from the Offer Announcement are set out below:

The Offer Price of HK\$0.0043 per Offer Share represents:

- (i) a discount of approximately 64.17% to the closing price of HK\$0.012 per Share as quoted on the Stock Exchange on 24 June 2021, being the date of the Offeror making the Offer;

- (ii) a discount of approximately 64.17% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days prior to the date of the Offer Letter of approximately HK\$0.012 per Share;
- (iii) a discount of approximately 76.11% to the closing price of HK\$0.018 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iv) a discount of approximately 76.11% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day of HK\$0.018 per Share;
- (v) a discount of approximately 73.13% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.016 per Share;
- (vi) a discount of approximately 77.37% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.019 per Share; and
- (vii) a premium of approximately HK\$0.0049 over the unaudited consolidated net liabilities per Share as at 30 September 2020 of approximately HK\$0.0006 (which was calculated by dividing the sum of the unaudited consolidated net liabilities of the Group as at 30 September 2020 of approximately HK\$4.0 million by 6,753,293,913 Shares in issue as at the date of the Offer Announcement).

Conditions to the Offer

The Offer is conditional on the satisfaction or waiver of the following conditions:

1. valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4: 00 p.m. on the First Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of such number of Shares which, together with Shares acquired or agreed to be acquired before or during the Offer, will result in the Offeror and its Concert Parties together holding not less than 50% of the voting rights of the Company;
2. the Shares remaining listed and traded on the Stock Exchange on the First Closing Date and no indication being received on or before the First Closing Date from the SFC and/or the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange is or is likely to be withdrawn; and
3. the Company not being ordered to be wound up by the High Court of Hong Kong or the court of Bermuda before the First Closing Date.

Save for Conditions 2 and 3 above which are waivable by the Offeror, other Condition cannot be waived. In the event that Conditions 2 and 3 are not satisfied on the First Closing Date, the Offeror will determine whether it will waive such Conditions on the same date.

In accordance with Rule 15.3 of the Takeovers Code, the Offeror must publish an announcement when the Offer becomes unconditional as to acceptances and when the Offer become unconditional in all respects. The Offer must also remain open for acceptance for at least 14 days after the Offer become unconditional in all respects.

Shareholders are reminded that the Offeror does not have any obligation to keep the Offer open for acceptance beyond this 14-day period. In accordance with Rule 15.5 of the Takeovers Code, except with the consent of the Executive, the Offer may not become or be declared unconditional as to acceptances after 7: 00 p.m. on the 60th day after the day on which the offer document in respect of the Offer is posted.

SECURITIES OF THE COMPANY

As at the date of this announcement, the Company has a total of 6,753,293,913 Shares in issue. Save for the aforesaid, there are no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.

As stated in the Offer Announcement, neither the Offeror nor its ultimate beneficial owner or their respective Concert Parties owns or has control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company.

Pursuant to the Listing Rules, if upon close of the Offer, less than 25% of the issued Shares are held by the public Shareholders or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

Shareholders' attention is drawn to the Offer Announcement made by the Offeror regarding maintaining sufficient public float as described in the paragraph headed "Maintaining the Listing Status of FDG Kinetic".

ADVICE FOR THE SHAREHOLDERS

An independent board committee of the Company comprising all the independent non-executive Directors namely, Dr. Chang Sun Bun Benson, Mr. Hung Chi Yuen Andrew and Mr. Lo Kon Ki, will be formed to give advice to the Shareholders on the Offer. An independent financial adviser will be appointed by the Company to advise the independent board committee of the Company on the Offer as soon as practicable. A further announcement will be made by the Company following the appointment of the

independent financial adviser. Shareholders are advised to take no action as regards the Offer until they have received the advice of the independent board committee and the independent financial adviser.

DOCUMENTS IN RELATION TO THE OFFER

It is expected that a response document containing, inter alia, details of the Offer, the recommendation of the independent board committee of the Company and the advice of the independent financial adviser will be despatched to the Shareholders within 14 days of the posting of the Offer Document by the Offeror, or on a later date as permissible pursuant to the Takeovers Code.

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, the associates (as defined under the Takeovers Code which includes, among others, any person who owns or controls 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Offeror) are reminded to disclose their dealings in the securities of the Company under Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code in relation to the responsibilities of stockbrokers, banks and other intermediaries:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

WARNING

The Board wishes to draw the attention of the Shareholders to the Offer Announcement for the details of the Offer. The Offer is subject to the conditions described in the paragraph headed “Conditions to the Offer” set out in the Offer Announcement and accordingly the Offer may or may not become unconditional. Shareholders and potential investors of the Company are advised to exercise extreme caution when dealing in the securities of the Company.

SUSPENSION OF TRADING

Trading of the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 2 July 2021, pending the publication of the audited annual results of the Company for the year ended 31 March 2021.

DEFINITIONS

In this announcement unless the context otherwise requires, the following words and expressions shall have the meanings ascribed to each of them as follows:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associates”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Company”	FDG Kinetic Limited, a company incorporated in Bermuda with limited liability and its issued Shares are listed on the Stock Exchange (stock code: 378)
“Concert Parties”	parties acting in concert (as such term is defined in the Takeovers Code) with the person or party as specified and as determined in accordance with the Takeovers Code
“Directors”	directors of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any of his delegates
“First Closing Date”	the date to be stated in the Offer Document as the first closing date of the Offer or any subsequent closing date as may be announced by the Offeror and approved by the Executive
“Group”	the Company and its subsidiaries

“Hong Kong”	Hong Kong Special Administrative Region of The People’s Republic of China
“Last Trading Day”	30 June 2021, being the last trading day immediately prior to the publication of the Offer Announcement
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	the voluntary conditional cash offer to be made by Yu Ming on behalf of the Offeror to acquire all of the Offer Shares in accordance with terms and conditions set out in the Offer Announcement
“Offer Announcement”	the announcement dated 5 July 2021 made by the Offeror setting out details of the Offer
“Offer Document”	the document to be issued by the Offeror to all Shareholders in connection with the Offer
“Offer Price”	the price of HK\$0.0043 per Offer Share payable by the Offeror to the Shareholders for each Offer Share tendered under the Offer
“Offer Share(s)”	issued Shares other than those Shares already owned or agreed to be acquired by the Offeror and its Concert Parties
“Offeror”	Victory Summit Global Limited, a company incorporated in the British Virgin Islands with limited liability
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.20 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers published by the SFC

“Yu Ming”	Yu Ming Investment Management Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation under the SFO authorised to carry out regulated activities of type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management)
“HK\$”	Hong Kong dollars, lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 7 July 2021

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).

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>