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KINETIX SYSTEMS HOLDINGS LIMITED

健冠控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8606)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO**

**(I) DISCLOSABLE TRANSACTION IN RELATION TO
ACQUISITION OF EXCLUSIVE LED PRODUCTS AGENCY SELLING RIGHTS
AND**

(II) ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

Reference is made to the announcement (the “**Announcement**”) of Kinetix Systems Holdings Limited (the “**Company**”) dated 21st December 2020 in relation to (i) disclosable transaction in relation to Acquisition of Exclusive LED Products Agency Selling Rights; and (ii) issue of Convertible Bonds under the General Mandate. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Board wishes to provide the shareholders and potential investors of the Company with additional information in relation to the Acquisition.

SUPPLEMENTAL INFORMATION ABOUT THE EXCLUSIVE LED PRODUCTS AGENCY SELLING RIGHTS

The Company would like to supplement that after the Acquisition, the Company will be able to sell various types of LED products under the brand name of “Dalian Luminary” . Pursuant to the Exclusive LED Products Agency Selling Rights, only the Purchaser has the right to sell the LED products of the Vendor worldwide (except Taiwan).

The type of LED products under the Exclusive LED Products Agency Selling Rights includes industrial LED lights (such as high bay lights, flood lights), professional LED lights (such as anti-explosive lights, high pole lights, plant lights), and street LED lights. These products can be used in indoor, outdoor, industrial, commercial and public facilities applications, including mainly street lights for smart lighting in smart city initiatives, high bay lights, flood lights, high pole lights and other professional LED products such as anti-explosive light.

Typical industrial applications include: (i) workshops; (ii) factories and assembly lines; (iii) storage facilities and warehouses; (iv) airport hangar; (v) any large open industrial space with relatively high ceiling; (vi) construction sites. Typical commercial and public facilities applications include: (i) street lights for smart lighting in smart city initiatives; (ii) gyms; (iii) large conference halls; (iv) event centers; (v) school and university halls; (vi) department stores; (vii) municipal facilities (such as community centers or entertainment centers); (viii) any large open area commercial space with relatively high ceiling; (ix) parking lots; (x) landscape, architectural building and monuments (with lighting effect of accenting and wall-washing), (xi) security lighting in commercial spaces; (xii) sports stadium and walkways for football, basketball, cricket, track racing, car racing etc; (xiii) concert hall; (xiv) apparel stores and boutiques; (xv) transport stations, railway; (xvi) ports and harbour (xvii) large recreational facilities.

Upon acquiring the Exclusive LED Products Agency Selling Rights, the Group plans to integrate the Exclusive LED Products Agency Selling Rights with the existing IT services business of the Group. With the applications of next generation technologies including IoT and cloud computing, the Group believes that through (i) synergy of the Exclusive LED Products Agency Selling Rights and the Group’s existing infrastructure solutions services and IT development solutions services business; (ii) extensive experiences and network of the Group’s existing staffs; and (iii) business cooperation relationship developed with the Vendor under the Acquisition, the Group would be able to generate revenue by participating in different opportunities including but not limited to potential smart city infrastructure projects in the PRC to sell and meet the growing demand of the LED products and related IT infrastructure support services such as smart LED street lights. In addition, with the Exclusive LED Products Agency Selling Rights, the Group believes that it can secure a stable supply of LED products and maintain a better cost control for its potential projects and business opportunities.

SUPPLEMENTAL INFORMATION ABOUT THE BASIS IN DETERMINING CONSIDERATION AND CONVERSION PRICE

The Company would like to supplement that (1) the Consideration was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to (i) the unit prices of the underlying LED products which range from approximately HK\$1,100 to HK\$9,700, which were determined based on the latest product and price list of the Vendor; (ii) the estimated volume of LED products under the Exclusive LED Products Agency Selling Rights of approximately 92,000 units per annum, which was determined based on the expected volume for the potential smart city street lighting projects; (iii) the anticipated profit margin of the underlying LED products of approximately 25% (set with reference to market price and profit margins of other similar products in the market); (iv) the reasons for and benefits of the Acquisition as stated under the section headed "Reasons for and benefits of the Acquisition" in the Announcement; and (v) the benchmark prices as disclosed under the paragraph headed "Conversion Price" above in the Announcement; whereas (2) the Conversion Price was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the average closing prices of the Shares as quoted on the Stock Exchange for the last five consecutive trading day immediately prior to the last trading date preceding the date of the Agreement.

SUPPLEMENTAL INFORMATION ABOUT THE VENDOR

The Company would like to supplement that the Vendor is beneficially owned as to 97% by Mr. Ou Yang Woei Shong and 1% each by Lai Jian Cheng, Liu Da Cheng and Zhou Hong Zhe respectively.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are Independent Third Parties.

By order of the Board
Kinetix Systems Holdings Limited
Yu Pak Lun Larry
Chairman

Hong Kong, 6 January 2021

As at the date of this announcement, the board of directors of the Company comprises Mr. Yu Pak Lun Larry, Mr. Leung Patrick Cheong Yu, and Mr. Law Cheung Moon as executive directors; Mr. Cheng Kwan Ngai as non-executive director; Mr. Lam Yau Hin, Mr. Yeung Wai Keung, and Ms. Lam Shun Ka as independent non-executive directors.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and on the Company’s website at www.kinetix.com.hk.