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**FDG Electric Vehicles Limited**  
**五龍電動車(集團)有限公司**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 729)**

**ANNOUNCEMENT OF**  
**(1) PROPOSED SUBSCRIPTION OF NEW SHARES BY**  
**STAR MERCURY INVESTMENTS LTD.,**  
**A WHOLLY-OWNED SUBSIDIARY OF CITIC LIMITED,**  
**UNDER SPECIFIC MANDATE**  
**(2) PROPOSED CONVERSION OF CONVERTIBLE BONDS**  
**(3) WHITEWASH WAIVER**  
**AND**  
**(4) RESUMPTION OF TRADING**

**The Subscription**

On 9 December, 2015, the Company entered into an agreement with the Subscriber as subscriber for the subscription of 1,000,000,000 new Shares at HK\$0.465 per Share.

The Subscriber is a wholly-owned subsidiary of CITIC Limited. CITIC Limited is China's largest conglomerate. Its businesses include financial services, resources and energy, manufacturing, engineering contracting, real estate and infrastructure, and other businesses in China and overseas.

Upon completion of the Subscription and thereafter from time to time, the Company and the Subscriber will, subject to compliance with all applicable laws and regulations (including without limitation to the Takeovers Code and the Listing Rules), explore in earnest strategic collaboration opportunities between their respective group companies in financial services and motor vehicles distribution.

Completion of the Subscription is subject to the satisfaction of conditions precedent including (1) the passing of resolutions by the Independent Shareholders at the SGM approving the transactions contemplated under the Subscription Agreement and the Whitewash Waiver; and (2) the granting of the Whitewash Waiver by the Executive and the Whitewash Waiver not being revoked or withdrawn.

The net proceeds from the issuance of new Shares under the Subscription are estimated to be approximately HK\$463 million and will be primarily used for the remaining capital expenditure required for the scale production of electric vehicles in the Group's Hangzhou manufacturing plant and general working capital of the Group.

As of 30 September 2015, the total capital expenditure required for the scale production of electric vehicles in the Group's Hangzhou manufacturing plant in the next twelve month from 30 September 2015 is approximately HK\$1,415.6 million. Such amounts are proposed to be satisfied primarily by the cash and bank balances of the Group of approximately HK\$270.6 million (excluding the cash and bank balances of CIAM Group Limited, a listed subsidiary of the Group), the net proceeds from the Subscription of approximately HK\$463 million and other bank facilities.

Upon completion of the Subscription Agreement and for so long as the Subscriber and its Close Associates hold such number of Shares that represents more than 10 per cent. of the Shares in issue, the Subscriber will have the right to nominate one person to be appointed as a non-executive Director of the Company, subject to compliance with the applicable laws and regulations including but not limited to the Listing Rules, the Takeovers Code, and the bye-laws of the Company.

### **The Conversion**

On 16 December 2015, the Company has received notices in relation to the conversion of Convertible Bonds from:

- (1) CIAM and Right Precious in respect of Convertible Bonds in the amount of HK\$513,058,062 to obtain 1,026,116,124 new Shares at the current prevailing conversion price of HK\$0.50;
- (2) Mr. Lo in respect of Convertible Bonds in the amount of HK\$3,289,500 to obtain 6,579,000 new Shares at the current prevailing conversion price of HK\$0.50;
- (3) Mr. Cao and Champion Rise in respect of Convertible Bonds in the amount of HK\$173,400,000 to obtain 346,800,000 new Shares at the current prevailing conversion price of HK\$0.50; and

- (4) Silvanus Enterprises in respect of Convertible Bonds in the amount of HK\$106,998,000 to obtain 213,996,000 new Shares at the current prevailing conversion price of HK\$0.50.

The Conversion is conditional on the grant of the Whitewash Waiver, the approval of the Whitewash Waiver at the SGM, and the Subscription becoming unconditional in accordance with the terms of the Subscription Agreement. The Conversion will take place simultaneously with completion of the Subscription.

The information on the parties is set out in the paragraph headed “INFORMATION ON THE PARTIES INVOLVED IN THE SUBSCRIPTION AND THE CONVERSION” below.

### **Takeovers Code Implications**

As shown in the table under the paragraph headed “CHANGES IN SHAREHOLDING”, the Concert Party Group are together interested in 5,773,711,041 Shares, representing approximately 29.91% of the total issued share capital of the Company as at the date of this announcement. Upon completion of the Subscription and the Conversion, they will together be interested in 8,367,202,165 Shares, representing approximately 38.21% of the Enlarged Share Capital, their collective holding of voting rights of the Company will thereby be increased to 30% or more as specified under Rule 26.1(b) of the Takeovers Code.

Absent the Whitewash Waiver, Mr. Cao (including Long Hing International Limited which is wholly owned by him and Champion Rise), Mr. Miao (including Union Ever Holdings Limited and Infinity Wealth International Limited which are wholly owned by him), Dr. Chen, his Close Relatives and the companies controlled by them as described in footnote (e) of the shareholding table in this announcement, Mr. Che, his Close Relatives and the companies controlled by them as described in footnote (f) of such table (including Silvanus Enterprises), the Subscriber, CIAM (including Right Precious) and Mr. Lo will be required to make a general offer for all the Shares and convertible securities not already owned or agreed to be acquired by them or persons acting in concert with any of them.

Completion of the Subscription and the Conversion is subject to, among other things, the grant of the Whitewash Waiver. An application to the Executive for the Whitewash Waiver will be made after publication of this announcement. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the SGM by way of poll. The Executive may or may not grant the Whitewash Waiver and the Independent Shareholders may or may not approve the Whitewash Waiver. The issuance of new Shares under the Subscription Agreement and Conversion will not proceed if the Whitewash Waiver is not so granted or approved.

### **The SGM**

The SGM will be convened for the purpose of considering the issuance of the new Shares under the Subscription Agreement and the Whitewash Waiver.

A circular containing further details of the Subscription Agreement and the Conversion and the Whitewash Waiver, the advice of the Independent Financial Adviser to be appointed by the Company regarding whether the terms of the Subscription Agreement and the Whitewash Waiver are fair and reasonable, in the interests of the Company and the Shareholders as a whole, and as to voting at the SGM, the view of the Independent Board Committee regarding the same, and the notice of the SGM will be issued by the Company to the Shareholders. The vote on the matters placed before the SGM will be taken by way of a poll whereby all persons interested or involved in the Subscription, the Conversion and/or the Whitewash Waiver will not be permitted to vote.

**Shareholders and investors should note that the transactions herein described are subject to conditions precedent which may or may not be satisfied. In particular, the Whitewash Waiver may or may not be granted by the Executive or approved by the Independent Shareholders. Shareholders and investors are reminded to exercise caution when dealing in Shares.**

#### **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 10 December 2015 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 1:00 p.m. on 16 December 2015.

#### **THE SUBSCRIPTION**

On 9 December 2015, the Company entered into an agreement with the Subscriber as subscriber for the subscription of 1,000,000,000 new Shares at HK\$0.465 per Share.

The Subscriber is a wholly-owned subsidiary of CITIC Limited. CITIC Limited is China's largest conglomerate. Its businesses include financial services, resources and energy, manufacturing, engineering contracting, real estate and infrastructure, and other businesses in China and overseas.

Upon completion of the Subscription and thereafter from time to time, the Company and the Subscriber will, subject to compliance with all applicable laws and regulations (including without limitation to the Takeovers Code and the Listing Rules), explore in earnest strategic collaboration opportunities between their respective group companies in financial services and motor vehicles distribution, and the Company will, and will procure the Group to, first explore or discuss any such opportunities with the Subscriber or any of its group of companies. In addition, the Company would, and shall procure the Group to, give the Subscriber or any of its group companies priority in its consideration when any member of the Group is selecting partners for any opportunities in relation to motor vehicles distribution in Hong Kong and China.

## **The Subscription Agreement**

Date: 9 December 2015

Issuer: the Company

Subscriber: Star Mercury Investments Ltd.

Shares: 1,000,000,000 new Shares

Subscription price: HK\$0.465 per new Share subscribed payable in cash

### **Conditions precedent**

Completion of the Subscription is subject to the satisfaction of the following conditions precedent by the Long-Stop Date:

- (1) the passing of resolutions by the Independent Shareholders at the SGM approving the transactions contemplated under the Subscription Agreement, including the allotment and issuance of new Shares and the Whitewash Waiver, pursuant to the Listing Rules and the Takeovers Code;
- (2) the Listing Committee of the Stock Exchange having granted or having agreed to grant (either unconditionally or subject only to conditions to which neither the Company nor the Subscriber shall reasonably object) the listing of, and permission to deal in, the Shares to be issued under the Subscription Agreement;
- (3) (where required) the Bermuda Monetary Authority granting its permission to the allotment and issue of the new Shares under the Subscription Agreement;
- (4) the granting of the Whitewash Waiver by the Executive and the Whitewash Waiver not being revoked or withdrawn;
- (5) delivery of an undertaking in such form as agreed by the Subscriber and all the other parties thereto, signed by Mr. Cao, Mr. Miao, CITIC Pacific Limited, the Subscriber, CIAM, Dr. Chen and Mr. Che to regulate their dealings in the Shares;
- (6) each of the warranties set out in the Subscription Agreement being true and accurate in all respects and not misleading in any respect as of (unless the context requires otherwise) the date of the Subscription Agreement and the date of completion of the Subscription; and
- (7) all necessary approvals and consents required to be obtained by any member of the Company and the Subscriber from any government authority or other third party in respect of the Subscription Agreement and/or the transactions contemplated thereunder being obtained unconditionally, or where such approval or consent is given subject to conditions, on such conditions as are acceptable to the Company and the Subscriber (as the case may be) acting reasonably.

None of the above conditions precedent can be waived by the parties save that the Subscriber may, in its absolute discretion, waive the condition precedent in paragraph (6) at any time by notice in writing to such effect to the Company. If any of above conditions precedent are not fulfilled (or waived, in the case of paragraph (6) only) on or before the Long-Stop Date, the Company or the Subscriber may (but is not bound to) terminate the Subscription Agreement (other than the provisions in relation to, among others, notice and governing law, which shall survive), in which case, neither party thereto shall have any liability to the other party save for any antecedent breach of the terms thereof.

The issuance of the new Shares under the Subscription Agreement will take place on the fifth business day after all the aforementioned conditions precedent have been fulfilled (other than the condition set out in paragraph (6) which is to be fulfilled at completion of the Subscription) or such other day as the Subscriber and the Company may in writing agree.

### **Subscription price**

The subscription price of HK\$0.465 per new Share subscribed was determined after arm's length negotiation between the Company and the Subscriber with reference to the recent trading prices of the Shares on the Stock Exchange and represents:

- (1) neither premium nor discount over the closing price of HK\$0.465 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (2) a discount of approximately 3.93% over the average closing price of HK\$0.484 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Day;
- (3) a discount of approximately 5.10% over the average closing price of HK\$0.490 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day; and
- (4) a discount of approximately 8.28% over the average closing price of HK\$0.507 per Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day.

### **Status of Shares subscribed**

The new Shares to be subscribed under the Subscription Agreement, when allotted and issued, will rank pari passu in all respects with all other existing Shares outstanding at the date of such allotment and issuance and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of such allotment and issuance. The Company will apply to the Stock Exchange for the listing of and permission to deal in such Shares.

## **Nomination of a non-executive Director**

Upon completion of the Subscription Agreement and for so long as the Subscriber and its Close Associates hold such number of Shares that represents more than 10 per cent. of the Shares in issue, the Subscriber will have the right to nominate one person to be appointed as a non-executive Director by giving notice in writing to the Company, subject to compliance with applicable laws and regulations including but not limited to the Listing Rules, the Takeovers Code and the bye-laws of the Company.

The Company undertakes to take necessary steps and actions to procure that:

- (1) as soon as reasonably practicable after delivery of the Nomination Notice, a meeting of the Board is called to consider the appointment and a resolution to re-elect the Nominated Director will be proposed at the next and subsequent annual general meetings, or if earlier, the next special general meeting, of the Company; and
- (2) if the Nominated Director was not appointed to the Board pursuant to paragraph (1) above, a resolution to elect the Nominated Director as a non-executive Director will be proposed, or a resolution to elect a different Nominated Director (if a different Nominated Director has been nominated by the Subscriber to replace a Nominated Director on the Board who has ceased to be a Director) as a non-executive Director will be proposed at the next general meeting of the Company and the Nominated Director will be subject to re-election at subsequent annual general meetings of the Company.

## **THE CONVERSION**

On 16 December 2015, the Company received notices in relation to the conversion of Convertible Bonds held by (1) CIAM and Right Precious, (2) Mr. Lo, (3) Mr. Cao and Champion Rise, and (4) Silvanus Enterprises.

Under the terms of the Convertible Bonds, they are not convertible to the extent that following such conversion, the holder of the Convertible Bonds and/or persons acting in concert with it within the meaning of the Takeovers Code will come under any obligation to make a general offer under the Takeovers Code for Shares not already owned or agreed to be acquired by it or any such persons acting in concert with it.

CIAM, together with Right Precious, propose to convert all the Convertible Bonds held by them in the amount of HK\$513,058,062 at the current prevailing conversion price of HK\$0.50 to obtain 1,026,116,124 new Shares. These new Shares represent approximately 5.32% of the total issued share capital of the Company as of the date of this announcement, approximately 4.91% of the total issued share capital of the Company as enlarged by the Conversion and approximately 4.69% of the Enlarged Share Capital.

Mr. Lo proposes to convert all the Convertible Bonds held by him in the amount of HK\$3,289,500 at the current prevailing conversion price of HK\$0.50 to obtain 6,579,000 new Shares. These new Shares represent approximately 0.03% of the total issued share capital of the Company as of the date of this announcement, approximately 0.03% of the total issued share capital of the Company as enlarged by the Conversion and approximately 0.03% of the Enlarged Share Capital.

Mr. Cao, together with Champion Rise, propose to convert all the Convertible Bonds held by them in the amount of HK\$173,400,000 at the current prevailing conversion price of HK\$0.50 to obtain 346,800,000 new Shares. These new Shares represent approximately 1.80% of the total issued share capital of the Company as of the date of this announcement, approximately 1.66% of the total issued share capital of the Company as enlarged by the Conversion and approximately 1.58% of the Enlarged Share Capital.

Silvanus Enterprises proposes to convert all the Convertible Bonds held by it in the amount of HK\$106,998,000 at the current prevailing conversion price of HK\$0.50 to obtain 213,996,000 new Shares. These new Shares represent approximately 1.11% of the total issued share capital of the Company as of the date of this announcement, approximately 1.02% of the total issued share capital of the Company as enlarged by the Conversion and approximately 0.98% of the Enlarged Share Capital.

The Conversion is conditional on the grant of the Whitewash Waiver, the approval of the Whitewash Waiver at the SGM, and the Subscription becoming unconditional in accordance with the terms of the Subscription Agreement. The Conversion will take place simultaneously with completion of the Subscription.

## **INFORMATION ON THE PARTIES INVOLVED IN THE SUBSCRIPTION AND THE CONVERSION**

The Subscriber is a wholly-owned subsidiary of CITIC Limited. CITIC Limited is China's largest conglomerate. Its businesses include financial services, resources and energy, manufacturing, engineering contracting, real estate and infrastructure, and other businesses in China and overseas.

CIAM is a private equity investment and asset management company. It is 40% owned by CITIC International Financial Holdings Limited (a subsidiary of CITIC Limited), 25% owned by ICH Company Limited (a subsidiary of ITOCHU Corporation which is a company listed on the Tokyo Stock Exchange), 20% owned by Ithmaar Bank B.S.C. (a company listed on the Bahrain Bourse and the Kuwait Stock Exchange) and 15% owned by Ichigo Inc. (a company listed on the Tokyo Stock Exchange).

Right Precious is a wholly-owned subsidiary of CIAM.

Mr. Lo is an executive Director and also a director of CIAM and Right Precious.

Mr. Cao is the chairman of the Board, an executive Director, and the chief executive officer of the Company and a substantial shareholder of the Company.



Champion Rise is an investment holding company wholly owned by Mr. Cao.

Silvanus Enterprises is a wholly-owned investment holding company of a Close Relative of Mr. Che, an executive Director.

## **REASON FOR THE SUBSCRIPTION**

The net proceeds from the issuance of new Shares under the Subscription are estimated to be approximately HK\$463 million and will be primarily used for the remaining capital expenditure required for the scale production of electric vehicles in the Group's Hangzhou manufacturing plant and general working capital of the Group.

As of 30 September 2015, the total capital expenditure required for the scale production of electric vehicles in the Group's Hangzhou manufacturing plant in the next twelve month from 30 September 2015 is approximately HK\$1,415.6 million. Such amounts are proposed to be satisfied primarily by the cash and bank balances of the Group of approximately HK\$270.6 million (excluding the cash and bank balances of CIAM Group Limited, a listed subsidiary of the Group), the net proceeds from the Subscription of approximately HK\$463 million and other bank facilities.

The Board is of the view that introduction of the Subscriber as a shareholder will potentially benefit the Group. The Subscriber, together with CIAM and Right Precious, will hold approximately 11.30% of the Enlarged Share Capital and become the second largest shareholder group of the Company upon completion of the Subscription and the Conversion. This will help strengthen the shareholding base and the equity position of the Company.

## **BENEFIT OF THE CONVERSION**

The Conversion will reduce the amount of the Company's outstanding debt securities and thus increase its net asset value by approximately HK\$578 million. In addition, the Conversion will enhance the Company's financial performance by decreasing the annualised imputed interest of the Convertible Bonds by not less than approximately HK\$80 million.

## **CHANGES IN SHAREHOLDING**

The 1,000,000,000 new Shares issued under the Subscription represent approximately 5.18% of the total issued share capital of the Company as of the date of this announcement, approximately 4.93% of the total issued share capital of the Company as enlarged by the Subscription, and approximately 4.57% of the Enlarged Share Capital.

The 1,593,491,124 Conversion Shares arising from the Conversion represent approximately 8.26% of the total issued share capital of the Company as of the date of this announcement, approximately 7.63% of the total issued share capital of the Company as enlarged by the Conversion, and approximately 7.28% of the Enlarged Share Capital.

The shareholding structure of the Company (i) as at the date of this announcement, (ii) immediately after the allotment and issuance of the new Shares under the Subscription, and (iii) immediately after the allotment and issuance of the new Shares under the Subscription and the Conversion, is as set out below (assuming no other changes in the issued share capital and shareholding structure of the Company):

	As at the date of this announcement		Immediately after issue under the Subscription		Immediately after issue under the Subscription and the Conversion	
	Shares	%	Shares	%	Shares	%
The Subscriber	-	-	1,000,000,000	4.93%	1,000,000,000	4.57%
CIAM <sup>(a)</sup>	448,780,000	2.32%	448,780,000	2.21%	1,474,896,124	6.74%
Mr. Lo <sup>(b)</sup>	-	-	-	-	6,579,000	0.03%
Mr. Cao <sup>(c)</sup>	2,311,059,998	11.97%	2,311,059,998	11.38%	2,657,859,998	12.14%
Mr. Miao <sup>(d)</sup>	1,970,551,043	10.21%	1,970,551,043	9.71%	1,970,551,043	9.00%
Dr. Chen <sup>(e)</sup>	950,625,000	4.92%	950,625,000	4.68%	950,625,000	4.34%
Mr. Che <sup>(f)</sup>	92,695,000	0.48%	92,695,000	0.46%	306,691,000	1.40%
The Concert Party Group	5,773,711,041	29.91%	6,773,711,041	33.36%	8,367,202,165	38.21%
Other non-public Shareholders <sup>(g)</sup>	1,752,583,158	9.08%	1,752,583,158	8.63%	1,752,583,158	8.00%
Public Shareholders <sup>(h)</sup>	11,776,406,535	61.01%	11,776,406,535	58.00%	11,776,406,535	53.78%
Total	19,302,700,734	100.00%	20,302,700,734	100.00%	21,896,191,858	100.00%

- (a) CIAM holds 448,780,000 Shares. CIAM and Right Precious (CIAM's wholly-owned subsidiary) also hold Convertible Bonds which will be converted into 3,128,000 and 1,022,988,124 Conversion Shares respectively upon the Conversion.
- (b) Mr. Lo does not hold any Shares as at the date of this announcement. Mr. Lo holds Convertible Bonds which will be converted into 6,579,000 Conversion Shares upon the Conversion, He is also interested in 42,800,000 share options of the Company.
- (c) Mr. Cao holds 2,311,059,998 Shares through Long Hing International Limited, his wholly-owned investment holding company. Mr. Cao and Champion Rise (his other wholly-owned investment holding company) also hold Convertible Bonds which will be converted into 6,800,000 and 340,000,000 Conversion Shares respectively upon the Conversion. In addition, he is interested in 10,000,000 share options of the Company.
- (d) Mr. Miao holds 1,806,301,043 Shares through Union Ever Holdings Limited and 164,250,000 Shares through Infinity Wealth International Limited, both of which are his wholly-owned investment holding companies. He is also interested in 15,000,000 share options of the Company.
- (e) Captain Century Limited, a company 60%-owned by Dr. Chen and 40%-owned by his Close Relative, holds 658,125,000 Shares. Designer Touch Limited, a company wholly-owned by another Close Relative of Dr. Chen, holds a further 292,500,000 Shares. Dr. Chen is also interested in 12,000,000 share options of the Company.
- (f) Mr. Che holds 1,000,000 Shares and is also interested in 16,000,000 share options of the Company. Mr. Che's Close Relative holds a further 91,695,000 Shares. Silvanus Enterprises, a company wholly-owned by such Close Relative, also holds Convertible Bonds which will be converted into 213,996,000 Conversion Shares upon the Conversion.

- (g) Other non-public Shareholders comprise subsidiary-level directors and chief executive officers of the Group and their associates which are under the Listing Rules considered as connected persons of the Company and therefore not counted as members of the public.
- (h) The number of Shares held by public Shareholders has been calculated to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries.

## **FUNDS RAISED BY ISSUING EQUITY IN PAST 12 MONTHS**

On 5 November 2015, a total of 1,000,000,000 Shares were issued and allotted under the General Mandate at a price of HK\$0.50 per Share pursuant to a best efforts placing agreement entered into on 22 October 2015 between the Company and VMS Securities Limited. The net proceeds of approximately HK\$491.5 million will be primarily applied and towards the operational cash flow required for the scale production of electric vehicles in the manufacturing plant in Hangzhou of the Group and other general working capital purposes.

Save as disclosed above, the Company has not undertaken any equity fund raising exercise during the past 12 months immediately preceding the date of this announcement.

## **INFORMATION ON THE COMPANY**

The Group is a vertically integrated electric vehicle manufacturer which primarily engages in (i) independent research and development, design and production of electric vehicles such as buses, coaches, mid-size buses, commercial vehicles, passenger vehicles and other special purpose models; (ii) the research and development, production, distribution and sale of lithium-ion batteries; (iii) the research and development, production, distribution and sale of cathode materials for lithium-ion batteries and (iv) the provision of leasing services for electric vehicles. The Group operates electric vehicles manufacturing plants in Hangzhou and Kunming in China and also operates battery manufacturing plants in Tianjin and Jilin in China.

## **LISTING RULE IMPLICATIONS**

The issue of new Shares under the Subscription Agreement is subject to the grant of a specific mandate at the SGM. Mr. Cao, Mr. Miao, Dr. Chen, Mr. Che, the Subscriber, CIAM, Mr. Lo and Silvanus Enterprises and their respective Close Associates and other Shareholders with a material interest in the Subscription will be required to abstain from voting on the resolution approving the issue of new Shares pursuant to the Subscription at the SGM.

## **TAKEOVERS CODE IMPLICATIONS**

The Subscriber is a wholly-owned subsidiary of CITIC Limited. CIAM is 40% owned by CITIC International Financial Holdings Limited, another subsidiary of CITIC Limited. The Subscriber and CIAM are therefore associated companies of each other for the purpose of the Takeovers Code. Right Precious is a wholly-owned subsidiary of CIAM. Apart from being an executive Director, Mr. Lo is also a director of CIAM and Right Precious. The Subscriber, CIAM, Right Precious and Mr. Lo are together interested in 448,780,000 Shares, representing approximately 2.32% of the total issued share capital of the Company as at the date of this announcement. Upon completion of the Subscription and the Conversion, they will together be interested in 2,481,475,124 Shares, representing approximately 11.33% of the Enlarged Share Capital.

Mr. Miao, the brother-in-law of Mr. Cao, acts in concert with Mr. Cao. Mr. Cao and Mr. Miao and their wholly-owned investment holding companies are together interested in 4,281,611,041 Shares, representing approximately 22.18% of the total issued share capital of the Company as at the date of this announcement. Upon completion of the Subscription and the Conversion, they will together be interested in 4,628,411,041 Shares, representing approximately 21.14% of the Enlarged Share Capital.

Dr. Chen is an executive Director. Dr. Chen, his Close Relatives and companies controlled by them are together interested in 950,625,000 Shares, representing approximately 4.92% of the total issued share capital of the Company as at the date of this announcement. Upon completion of the Subscription and the Conversion, they will together be interested in 950,625,000 Shares, representing approximately 4.34% of the Enlarged Share Capital.

Mr. Che is an executive Director. Mr. Che, his Close Relative and companies controlled by them are together interested in 92,695,000 Shares, representing approximately 0.48% of the total issued share capital of the Company as at the date of this announcement. Upon completion of the Subscription and the Conversion, they will together be interested in 306,691,000 Shares, representing approximately 1.40% of the Enlarged Share Capital.

With the introduction of the Subscriber and the Conversion, the Subscriber, CIAM and Right Precious will control approximately 11.30% of the Enlarged Share Capital, and hold the second largest shareholding bloc in the Company after the bloc controlled by Mr. Cao and Mr. Miao. Mr. Cao, Mr. Miao, Dr. Chen, Mr. Che, the Subscriber and CIAM have agreed to consolidate their shareholdings in the Company upon completion of the Subscription and the Conversion.

As shown in the table under the section headed “CHANGES IN SHAREHOLDING” above, the Concert Party Group are together interested in 5,773,711,041 Shares, representing approximately 29.91% of the total issued share capital of the Company as at the date of this announcement. Upon completion of the Subscription and the Conversion, they will together be interested in 8,367,202,165 Shares, representing approximately 38.21% of the Enlarged Share Capital, their collective holding of voting rights of the Company will thereby be increased to 30% or more as specified under Rule 26.1(b) of the Takeovers Code. Absent the Whitewash Waiver, Mr. Cao (including Long Hing International Limited which is wholly owned by him and Champion Rise), Mr. Miao (including Union Ever Holdings Limited and Infinity Wealth International Limited which are wholly owned by him), Dr. Chen, his Close Relatives and companies controlled by them as described in footnote (e) of the table, Mr. Che, his Close Relative and companies controlled by them as described in footnote (f) of the table (including Silvanus Enterprises), the Subscriber, CIAM (including Right Precious) and Mr. Lo will be required to make a general offer for all the Shares and convertible securities not already owned or agreed to be acquired by them or persons acting in concert with any of them.

Completion of the Subscription and the Conversion is subject to, among other things, the grant of the Whitewash Waiver. An application to the Executive for the Whitewash Waiver will be made after publication of this announcement.

The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the SGM by way of poll. The Independent Board Committee comprising the independent non-executive directors of the Board, namely Mr. Chan Yuk Tong, Mr. Fei Tai Hung and Mr. Tse Kam Fow, who have no direct or indirect interest in the Subscription or the Conversion or the Whitewash Waiver has been formed to advise the Independent Shareholders in relation to the same. Goldin Financial Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on whether the terms of the Subscription Agreement and the Whitewash Waiver are fair and reasonable, in the interests of the Company and the Shareholders as a whole, and as to voting at the SGM. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee. The Independent Board Committee will form its view after receiving the advice of the Independent Financial Adviser to be appointed by the Company. Such view will be set out in the circular to be despatched to the Shareholders in respect of the SGM.

The Executive may or may not grant the Whitewash Waiver and the Independent Shareholders may or may not approve the Whitewash Waiver. The issuance of new Shares under the Subscription Agreement and the Conversion will not proceed if the Whitewash Waiver is not so granted or approved.

None of Mr. Cao (including Long Hing International Limited which is wholly owned by him and Champion Rise), Mr. Miao (including Union Ever Holdings Limited and Infinity Wealth International Limited which are wholly owned by him), Dr. Chen, his Close Relatives and companies controlled by them as described in footnote (e) of the table, Mr. Che, his Close Relative and companies controlled by them as described in footnote (f) of the table (including Silvanus Enterprises), the Subscriber, CIAM (including Right Precious) and Mr. Lo or the persons acting in concert with any of them:

- (1) has, during the 6-month period prior to the date of this announcement, acquired or entered into any agreement or arrangement to acquire of any voting rights in the Company;
- (2) is, as at the date of this announcement, interested in any issued Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company as at the date of this announcement otherwise than as disclosed in the shareholding table set out in the section headed “CHANGES IN SHAREHOLDING” above;
- (3) holds, controls or has direction over, as at the date of this announcement, any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company save as disclosed in the shareholding table set out in the section headed “CHANGES IN SHAREHOLDING” above;
- (4) has, as at the date of this announcement, borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

- (5) has, as at the date of this announcement, made any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Subscriber or CIAM which might be material to the issuance of the new Shares under the Subscription Agreement and/or the Conversion and/or the Whitewash Waiver, with any other persons;
- (6) has, as at the date of this announcement, made any agreement or arrangement which relates to circumstances in which he/it may or may not invoke or seek to invoke a precondition or a condition to the issuance of the new Shares under the Subscription Agreement and/or the Conversion and/or the Whitewash Waiver, other than the conditions precedent as set out in this announcement; or
- (7) has, as at the date of this announcement, received any irrevocable commitment to vote for or against the issuance of the new Shares under the Subscription Agreement and/or the Conversion and/or the Whitewash Waiver.

## **SGM**

The SGM will be convened for the purpose of considering the issuance of the new Shares under the Subscription Agreement and the Whitewash Waiver.

A circular containing further details of the Subscription Agreement and the Conversion and the Whitewash Waiver, the advice of the Independent Financial Adviser to be appointed by the Company regarding whether the terms of the Subscription Agreement and the Whitewash Waiver are fair and reasonable, in the interests of the Company and the Shareholders as a whole, and as to voting at the SGM, the view of the Independent Board Committee regarding the same, and the notice of the SGM, will be issued by the Company to the Shareholders on or before 6 January 2016. The vote on the matters placed before the SGM will be taken by way of a poll whereby all persons interested or involved in the Subscription, the Conversion and/or the Whitewash Waiver will not be permitted to vote.

**Shareholders and investors should note that the transactions herein described are subject to conditions precedent which may or may not be satisfied. In particular, the Whitewash Waiver may or may not be granted by the Executive or approved by the Independent Shareholders. Shareholders and investors are reminded to exercise caution when dealing in Shares.**

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 10 December 2015 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 1:00 p.m. on 16 December 2015.

## DEFINITIONS

In this announcement, the following terms shall take the meanings hereby ascribed to them:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code;
“associate”	has the meaning ascribed thereto in the Listing Rules;
“Board”	the board of Directors;
“business day”	has the meaning ascribed thereto in the Listing Rules;
“Champion Rise”	Champion Rise International Limited, a wholly-owned investment holding company of Mr. Cao;
“China”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“CIAM”	CITIC International Assets Management Limited, a company incorporated in Hong Kong with limited liability;
“Close Associate”	has the meaning ascribed to it under the Listing Rules;
“Close Relative”	has the meaning ascribed to it under the Takeovers Code;
“Company”	FDG Electric Vehicles Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 729);
“Concert Party Group”	Mr. Cao, Mr. Miao, Dr. Chen, Mr. Che, the Subscriber, CIAM and the persons acting in concert with any of them;
“Conversion”	the conversion of the Convertible Bonds held by CIAM, Right Precious, Mr. Lo, Mr. Cao, Champion Rise and Silvanus Enterprises as described in the section headed “THE CONVERSION” in this announcement;
“Conversion Shares”	Shares arising from the conversion of the Convertible Bonds;
“Convertible Bonds”	the zero coupon convertible bonds due 2018 issued by the Company, the principal terms of which are set out in the composite offer and response document of the Company, Sinopoly Strategic Investment Limited and CIAM Group Limited dated 30 January 2015;
“Director(s)”	the director(s) of the Company;

“Dr. Chen”	Dr. Chen Yanping, the Chief Operating Officer of the Company and an executive Director;
“Enlarged Share Capital”	the issued share capital of the Company as enlarged upon the completion of the Subscription and the Conversion;
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate thereof for the time being;
“General Mandate”	the mandate granted to the Directors by the Shareholders to allot, issue and deal with up to 3,658,418,146 new Shares, representing approximately 20% of the then issued share capital of the Company on 28 August 2015 when the annual general meeting was held;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	a committee of the Board comprising the independent non-executive directors of the Board, namely comprising Mr. Chan Yuk Tong, Mr. Fei Tai Hung and Mr. Tse Kam Fow;
“Independent Financial Adviser”	Goldin Financial Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO;
“Independent Shareholders”	the Shareholders other than the Concert Party Group and those who are interested or involved in the Subscription, the Conversion and/or the Whitewash Waiver;
“Last Trading Day”	9 December 2015, being the last business day for the Shares on the Stock Exchange immediately preceding the date of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Long-Stop Date”	31 May 2016 or such later date as the Company and the Subscriber may in writing agree;
“Mr. Cao”	Mr. Cao Zhong, the Chairman of the Board, an executive Director and the Chief Executive Officer and a substantial shareholder of the Company;



“Mr. Che”	Mr. Jaime Che, the Vice President of the Company and an executive Director;
“Mr. Lo”	Mr. Lo Wing Yat, an executive Director and a director of each of CIAM and Right Precious;
“Mr. Miao”	Mr. Miao Zhenguo, the brother-in-law of Mr. Cao, the Deputy Chairman of the Board, an executive Director and a substantial shareholder of the Company;
“Nominated Director”	the person nominated by the Subscriber pursuant to its right under the Subscription Agreement;
“Nomination Notice”	the notice in writing given by the Subscriber to the Company to nominate an individual as the Nominated Director;
“Right Precious”	Right Precious Limited, a wholly-owned subsidiary of CIAM;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong);
“SGM”	the special general meeting of the Company to be convened and held for, among others, the purpose of considering the Subscription and the Whitewash Waiver;
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Shares;
“Silvanus Enterprises”	Silvanus Enterprises Limited, a wholly-owned investment holding company of a Close Relative of Mr. Che;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Star Mercury Investments Ltd., a company incorporated with limited liability under the laws of British Virgin Islands and a wholly-owned subsidiary of CITIC Limited;
“Subscription”	the subscription of 1,000,000,000 new Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement;
“Subscription Agreement”	the agreement dated 9 December 2015 between the Company as issuer and the Subscriber as subscriber for 1,000,000,000 new Shares;

“Takeovers Code”

the Code on Takeovers and Mergers; and

“Whitewash Waiver”

the grant by the Executive to Mr. Cao (including Long Hing International Limited and Champion Rise), Mr. Miao (including Union Ever Holdings Limited and Infinity Wealth International Limited), Dr. Chen, his Close Relatives and companies controlled by them as described in footnote (e) of the table under the paragraph headed “CHANGES IN SHAREHOLDING” above, Mr. Che, his Close Relative and companies controlled by them as described in footnote (f) of the aforementioned table (including Silvanus Enterprises), the Subscriber, CIAM (including Right Precious) and Mr. Lo, of a waiver of the requirement under Rule 26.1(b) of the Takeovers Code to make a general offer for all the Shares not already owned or agreed to be acquired by them or persons acting in concert with any of them upon completion of the Subscription and the Conversion.

By Order of the Board  
**FDG ELECTRIC VEHICLES LIMITED**  
**Jaime Che**  
*Executive Director*

Hong Kong, 16 December 2015

*As at the date of this announcement, the Board comprises Mr. Cao Zhong (the Chairman and the Chief Executive Officer), Mr. Miao Zhenguo (the Deputy Chairman), Dr. Chen Yanping (the Chief Operating Officer), Mr. Lo Wing Yat and Mr. Jaime Che (the Vice President) as executive directors; and Mr. Chan Yuk Tong, Mr. Fei Tai Hung and Mr. Tse Kam Fow as independent non-executive directors.*

*The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Subscriber) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than that expressed by the directors of the Subscriber) 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 statements in this announcement misleading.*

*As at the date of this announcement, the directors of the Subscriber are Mr. Vernon Francis Moore and Mr. Kwok Ka Wa.*

*The directors of the Subscriber jointly and severally accept full responsibility for the accuracy of the information relating to the Subscriber contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed by them 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 statements in this announcement misleading.*

*As at the date of this announcement, the directors of CITIC Pacific Limited are Mr. Zhang Jijing (Chairman), Mr. Vernon Francis Moore, Mr. Liu Jifu, Mr. Zeng Chen, Mr. Kwok Man Leung, Mr. Fei Yiping, Mr. Luan Zhenjun, Mr. Yu Yapeng, Mr. Liu Yong, Mr. Li Yajun and Ms. Chen Meng.*

*The directors of CITIC Pacific Limited, of which the Subscriber is a wholly-owned subsidiary, jointly and severally accept full responsibility for the accuracy of the information relating to the Subscriber and CITIC Limited contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed by them 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 statements in this announcement misleading.*

*Website of the Company: <http://www.fdgev.com>*