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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)

**VOLUNTARY ANNOUNCEMENT
REGARDING**

**(1) HANGZHOU CHANGJIANG AUTOMOBILE CO., LTD.*
AND (2) HANGZHOU CHANGJIANG PASSENGER VEHICLES CO., LTD.***

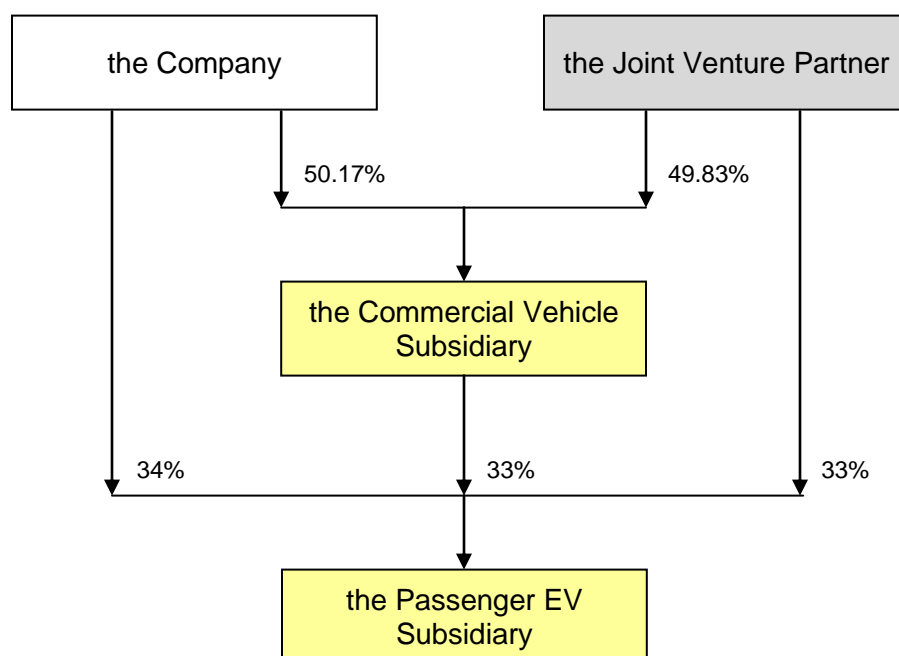
The Company wishes to announce that two of its subsidiaries, namely (1) 杭州長江汽車有限公司 (Hangzhou Changjiang Automobile Co., Ltd.*), its 50.17% owned commercial electric vehicle manufacturing and distribution subsidiary, and (2) 杭州長江乘用車有限公司 (Hangzhou Changjiang Passenger Vehicles Co., Ltd.*), its 67.00% owned passenger electric vehicle manufacturing and distribution subsidiary, will become connected subsidiaries within the meaning of Rule 14A.16 of the Listing Rules.

The Company will issue in due course a further announcement to detail the connected transactions under Chapter 14A of the Listing Rules that will be carried on between members of the Group and these connected subsidiaries.

BACKGROUND

The Group carries on the business of designing, manufacturing and distribution of electric vehicles, lithium-ion batteries and cathode materials for nickel-cobalt-manganese lithium-ion batteries. The production of electric vehicles is carried on, inter alia, by the Commercial Vehicle Subsidiary and the Passenger EV Subsidiary. The two subsidiaries are non-wholly owned, and the joint venture partner is 北京紫荊聚龍科技投資有限公司 (Beijing Bauhinia Julong Technology and Investment Co. Ltd.*), a company established under the laws of the PRC, which is currently an independent third party and not a connected person of the Company.

The simplified shareholding structure of the Commercial Vehicle Subsidiary and the Passenger EV Subsidiary is set out in the diagram below.



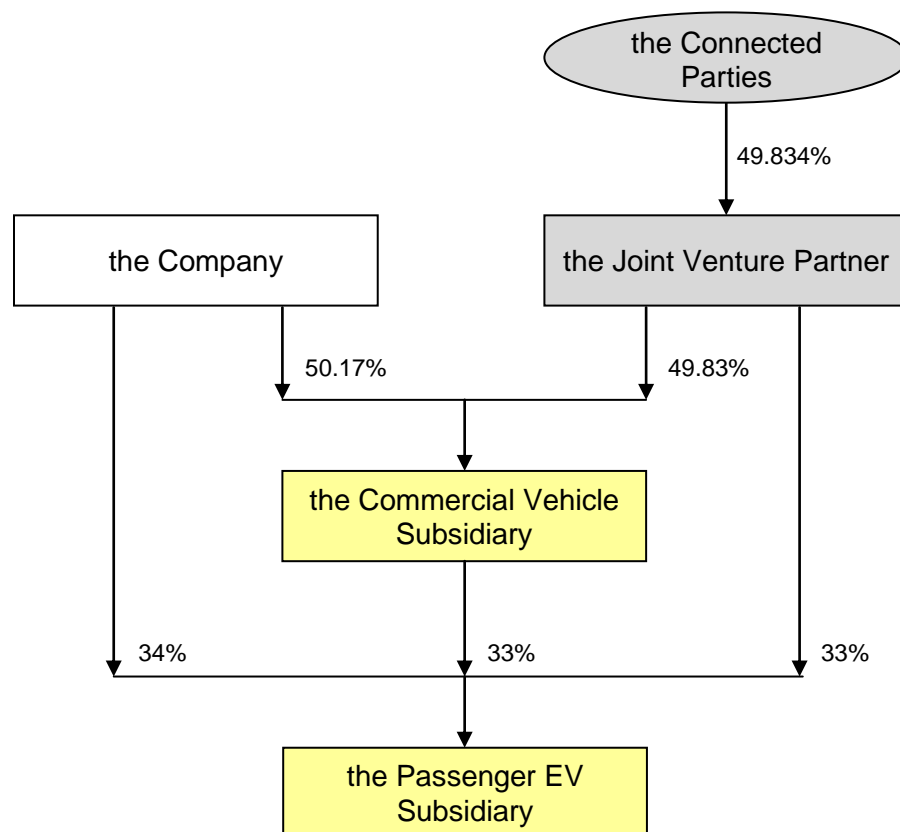
INTRODUCTION OF CONNECTED PERSONS

The Company has been informed by the Joint Venture Partner that it will, with the approval of the relevant PRC authorities, recapitalize itself so that its shareholders will thereafter comprise:

- (1) a group of affiliated limited liability partnerships in which Mr. Cao will have an aggregate effective interest of 69.98%, Mr. Miao will have an aggregate effective interest of 20.02% and Dr. Chen will have an effective aggregate interest of 10.00%, such partnerships together holding 49.834% of the Joint Venture Partner; Mr. Cao is a substantial shareholder of the Company, and he, Mr. Miao and Dr. Chen are also executive directors of the Company;
- (2) 杭州余杭經開股權投資基金合夥企業（有限合夥）(Hangzhou Yuhang Economic-Technological Development Area Share Investment Fund LLP*), holding 50% of the Joint Venture Partner; the Fund is an independent third party and not a connected person of the Company; and
- (3) unrelated independent minority shareholders, holding the remainder 0.166% of the Joint Venture Partner.

The Fund will participate in the recapitalization of the Joint Venture Partner as a representative of the local government for the purpose of supporting the development of new energy enterprises, but will withdraw from the Joint Venture Partner within one year from the completion of the recapitalization. Mr. Cao, Mr. Miao and Dr. Chen have agreed with the Fund that they or companies or partnerships controlled by them will purchase the Fund's 50% stake in the Joint Venture Partner within one year from the completion of the recapitalization.

Upon completion of the recapitalization of the Joint Venture Partner, but before the purchase of the Fund’s 50% stake, the shareholding structure of the Commercial Vehicle Subsidiary and the Passenger EV Subsidiary will be as set out in the diagram below.



LISTING RULES IMPLICATIONS

As a result of the Joint Venture Partner becoming an associate of Mr. Cao upon completion of the recapitalization, each of the Commercial Vehicle Subsidiary and the Passenger EV Subsidiary will become a connected subsidiary of the Company within the meaning of Rule 14A.16 of the Listing Rules, and a connected person of the Company.

The Company will issue in due course a further announcement to detail the connected transactions under Chapter 14A of the Listing Rules that will be carried on between members of the Group and these connected subsidiaries.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Commercial Vehicle Subsidiary” 杭州長江汽車有限公司 (Hangzhou Changjiang Automobile Co., Ltd.*), a limited liability company incorporated under the laws of the PRC, and a 50.17% subsidiary of the Company;

“Company”	FDG Electric Vehicles Limited, a limited liability company incorporated under the laws of Bermuda, the issued shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited;
“Connected Parties”	the group of affiliated limited liability partnerships described above in this announcement which together hold 49.834% of the Joint Venture Partner;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Dr. Chen”	Dr. Chen Yanping, the chief technical officer and an executive director of the Company;
“Fund”	杭州余杭經開股權投資基金合夥企業（有限合夥）(Hangzhou Yuhang Economic-Technological Development Area Share Investment Fund LLP*), an independent third party and not a connected person of the Company holding 50% of the Joint Venture Partner;
“Group”	the Company and its subsidiaries;
“Joint Venture Partner”	北京紫荊聚龍科技投資有限公司 (Beijing Bauhinia Julong Technology and Investment Co. Ltd.*), a limited liability company incorporated under the laws of the PRC, and the joint venture partner for the Commercial Vehicle Subsidiary and the Passenger EV Subsidiary;
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Mr. Cao”	Mr. Cao Zhong, the chairman, the chief executive officer, an executive director of the Company, and a substantial shareholder of the Company;
“Mr. Miao”	Mr. Miao Zhenguo, the deputy chairman and an executive director of the Company;
“Passenger EV Subsidiary”	杭州長江乘用車有限公司 (Hangzhou Changjiang Passenger Vehicles Co., Ltd.*), a limited liability company incorporated under the laws of the PRC, and a 67.00% subsidiary of the Company; and

“PRC”

The People’s Republic of China, excluding, for the purposes of this announcement, the Special Administrative Region of Macau, the Special Administrative Region of Hong Kong, and Taiwan.

By order of the Board
FDG Electric Vehicles Limited
Jaime Che
Executive Director

Hong Kong, 26 February 2017

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

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

** for identification purposes only*