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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)**

### **SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE**

#### **THE SUBSCRIPTION AGREEMENT**

On 9 September 2018, the Company entered into the Subscription Agreement with the Subscriber in relation to the Subscription.

The Subscription Shares represent approximately 29.90% of the issued share capital of the Company as at the date of this announcement, and approximately 23.02% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, assuming that there are no other changes in the issued share capital of the Company.

The gross proceeds for the allotment and issue of the Subscription Shares will be HK\$630,000,000. The net proceeds is estimated to be approximately HK\$627,000,000.

#### **GENERAL**

The Subscription Shares will be allotted and issued under the Specific Mandate to be approved by the Shareholders at the SGM.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

***Shareholders and investors should note that the allotment and issue of the Subscription Shares is subject to the fulfilment of the conditions precedent set out in this announcement, and are advised to exercise caution when dealing in Shares as such allotment and issue of the Subscription Shares may or may not be completed.***

#### **SGM**

The SGM will be convened for the purpose of considering and if thought fit, approving the Subscription and the transactions contemplated thereunder and the grant of the Specific Mandate.

A circular containing, among other things, further details of the Subscription and the transactions contemplated thereunder and the grant of the Specific Mandate, and the notice of the SGM together with a proxy form will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

## **THE SUBSCRIPTION AGREEMENT**

On 9 September 2018, the Company entered into the Subscription Agreement with the Subscriber in relation to the Subscription.

Set out below are the key terms of the Subscription Agreement.

### **Parties**

- (1) The Company as issuer; and
- (2) The Subscriber as subscriber.

### **Subject Matter**

The Subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue to the Subscriber (or its nominee), the Subscription Shares at the Subscription Price.

### **Subscription Shares**

The Subscription Shares represent approximately 29.90% of the issued share capital of the Company as at the date of this announcement, and approximately 23.02% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, assuming that there are no other changes in the issued share capital of the Company.

The Subscription Shares will, when allotted and issued, rank pari passu amongst themselves in all respects, and with all other Shares in issue at the time of allotment and issue of the Subscription Shares.

Based on the closing price of HK\$0.095 per Share on 7 September 2018, being the last trading day immediately before the date of the Subscription Agreement, the Subscription Shares have a market value of HK\$665,000,000 and an aggregate nominal value of HK\$70,000,000.

### **The Subscription Price**

The Subscription Price is HK\$0.090 per Share.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to, among others, the net assets value of the Company, which represents a premium of approximately 80.36% to the net assets value attributable to owners of the Company as at 31 March 2018 of approximately HK\$0.0499 per Share, the prevailing market price of the Shares, the trading performance of the Shares and current market conditions. The Subscription Price represents:

- (a) a discount of approximately 5.26% to the closing price of HK\$0.095 per Share as quoted on the Stock Exchange on the last trading day immediately before the date of the Subscription Agreement;
- (b) a discount of approximately 5.26% to the average closing price of HK\$0.095 per Share as calculated using the closing prices quoted on the Stock Exchange for the last five (5) trading days immediately before the date of the Subscription Agreement;
- (c) a discount of approximately 8.16% to the average closing price of HK\$0.098 per Share as calculated using the closing prices quoted on the Stock Exchange for the last ten (10) trading days immediately before the date of the Subscription Agreement; and
- (d) a discount of approximately 8.16% to the average closing price of HK\$0.098 per Share as calculated using the closing prices quoted on the Stock Exchange for the last thirty (30) trading days immediately before the date of the Subscription Agreement.

The Directors, including all the independent non-executive Directors, are of the view that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The gross proceeds for the allotment and issue of the Subscription Shares will be HK\$630,000,000. Based on the net proceeds of approximately HK\$627,000,000, the net price per Subscription Share to the Company is approximately HK\$0.0896.

#### **Conditions Precedent to Completion of the Subscription Agreement**

Pursuant to the Subscription Agreement, completion of the allotment and issue of the Subscription Shares will be conditional upon the fulfilment of the following conditions:

- (a) the approval of the Shareholders at the SGM in respect of the Subscription and the transactions contemplated thereunder (including but not limited to, the allotment and issue of the Subscription Shares under the Specific Mandate);
- (b) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares on the Stock Exchange and such permission and listing not subsequently being revoked prior to completion;
- (c) all representations, warranties and undertakings of the Company under the Subscription Agreement shall remain true and accurate in all material respects; and
- (d) all representations, warranties and undertakings of the Subscriber under the Subscription Agreement shall remain true and accurate in all material respects.

The Subscriber may at any time waive the condition (c) above and the Company may at any time waive the condition (d) above. If any of the above conditions precedent is not fulfilled (or waived) within 90 days of execution of the Subscription Agreement (or such later date as may be agreed between the Company and the Subscriber), the Subscription Agreement shall terminate automatically and none of the parties shall have any claim against the other.

## Completion

Completion of the allotment and issue of the Subscription Shares shall take place on the third Business Day immediately after the date on which all the conditions precedent set out above have been satisfied (or waived) or such other date as may be agreed between the Company and the Subscriber.

## EFFECT ON SHAREHOLDING STRUCTURE

The table below shows the shareholding structure of the Company (1) as at the date of this announcement; (2) immediately following completion of the allotment and issue of 2,600,000,000 New Shares to the Subscriber under the 28 July Subscription Agreement (assuming no other changes in the issued share capital of the Company); (3) immediately following completion of the allotment and issue of the Subscription Shares (assuming no other changes in the issued share capital of the Company); and (4) immediately following completion of the allotment and issue of the Subscription Shares (assuming no other changes in the issued share capital of the Company other than the allotment and issue of 2,600,000,000 New Shares to the Subscriber under the 28 July Subscription Agreement):

	As at the date of this announcement		Immediately following completion of the allotment and issue of 2,600,000,000 New Shares to the Subscriber under the 28 July Subscription Agreement (assuming no other changes in the issued share capital of the Company)		Immediately following completion of the allotment and issue of the Subscription Shares (assuming no other changes in the issued share capital of the Company)		Immediately following completion of the allotment and issue of the Subscription Shares (assuming no other changes in the issued share capital of the Company other than the allotment and issue of 2,600,000,000 New Shares to the Subscriber under the 28 July Subscription Agreement)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Subscriber	-	-	2,600,000,000	9.99%	7,000,000,000	23.02%	9,600,000,000	29.08%
CITIC Group Corporation <i>(Note 1)</i>	2,474,896,124	10.57%	2,474,896,124	9.51%	2,474,896,124	8.14%	2,474,896,124	7.50%
Mr. Cao Zhong <i>(Note 2)</i>	1,358,934,998	5.80%	1,358,934,998	5.23%	1,358,934,998	4.47%	1,358,934,998	4.12%
Others	<u>19,579,245,986</u>	<u>83.63%</u>	<u>19,579,245,986</u>	<u>75.27%</u>	<u>19,579,245,986</u>	<u>64.37%</u>	<u>19,579,245,986</u>	<u>59.30%</u>
Total	<u>23,413,077,108</u>	<u>100.00%</u>	<u>26,013,077,108</u>	<u>100.00%</u>	<u>30,413,077,108</u>	<u>100.00%</u>	<u>33,013,077,108</u>	<u>100.00%</u>

*Notes:*

- (1) CITIC Group Corporation is deemed to be interested in a total of 2,474,896,124 Shares, of which (i) 451,908,000 Shares are held by CITIC International Assets Management Limited; (ii) 1,022,988,124 Shares are held by Right Precious Limited; and (iii) 1,000,000,000 Shares are held by Star Mercury Investments Ltd.

Right Precious Limited is a wholly-owned subsidiary of CITIC International Assets Management Limited of which CITIC International Financial Holdings Limited owns 46%. CITIC International Financial Holdings Limited is wholly-owned by China CITIC Bank Corporation Limited which, in turn, is over 60% owned by CITIC Limited through its wholly-owned subsidiaries.

Star Mercury Investments Ltd. is a wholly-owned subsidiary of Smooth Way Holdings Inc. which, in turn, is a wholly-owned subsidiary of CITIC Pacific Limited. CITIC Pacific Limited is wholly-owned by CITIC Limited.

CITIC Group Corporation owns 58.13% of CITIC Limited through its wholly-owned subsidiaries, CITIC Polaris Limited and CITIC Glory Limited.

- (2) Mr. Cao Zhong, an executive director, the chairman and chief executive officer of the Company, is deemed to be interested in a total of 1,358,934,998 Shares, including 1,352,134,998 Shares held by Long Hing International Limited which is his wholly-owned investment holding company.

#### **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

<b>Date of announcement</b>	<b>Event</b>	<b>Approximate net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
25 June 2018	Placing of new Shares under general mandate	Approximately HK\$103.9 million	For repayment of debt and general working capital purposes.	(i) approximately HK\$94.3 million used for the repayment of debts; and (ii) approximately HK\$9.6 million used for the general working capital of the Group.
28 November 2017	Issue of convertible bonds in the total principal amount of HK\$400 million	Approximately HK\$387.8 million	For re-financing and general working capital purposes.	(i) approximately HK\$361.2 million used for the settlement of short-term borrowings; and (ii) approximately HK\$26.6 million used for the general working capital of the Group.

Save as disclosed above, the Company has not completed any equity fund raising activities in the twelve month period immediately before the date of this announcement.

## **INFORMATION ON THE SUBSCRIBER**

The Subscriber is a wholly-owned subsidiary of 金正源聯合投資控股有限公司 (“**Jin Zhengyuan**”) and is principally engaged in the operation, research and management in culture media industries, economics information consultation and international trade. Jin Zhengyuan was established in 2011 with main strategic directions in internet of vehicles, new energy, new materials, tourism real estate and cultural media industries. It also has its businesses in private equity investment, targeted investment in listed companies, securities investment, asset management, investment banking and investment and financing services.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, the Subscriber and its ultimate beneficial owners are independent of and not connected with the Company or any of its connected persons as at the date of this announcement.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

The Group is an electric vehicle manufacturer, which primarily engages in (i) research and development, design, manufacture and sale of electric vehicles; (ii) research and development, production and sale of lithium-ion batteries and related products; (iii) leasing of electric vehicles; (iv) research and development, manufacture and sale of cathode materials for lithium-ion batteries; and (v) direct investments.

The Company intends to apply the net proceeds from the allotment and issue of the Subscription Shares, estimated at approximately HK\$627,000,000, for supporting the development of its electric vehicle business, repayment of some debts of the Group and general working capital of the Group.

The Directors, including all the independent non-executive Directors, are of the view that the terms and conditions for the allotment and issue of the Subscription Shares, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **GENERAL**

### **Specific Mandate**

The Subscription Shares will be allotted and issued under the Specific Mandate to be approved by the Shareholders at the SGM.

### **Listing Application**

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

### **SGM**

The SGM will be convened for the purpose of considering and if thought fit, approving the Subscription and the transactions contemplated thereunder and the grant of the Specific Mandate.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, no Shareholder has a material interest in the transactions contemplated under the Subscription Agreement and will be required to abstain from voting on the resolution(s) to approve the Subscription Agreement and the transactions contemplated thereunder at the SGM.

A circular containing, among other things, further details of the Subscription and the transactions contemplated thereunder and the grant of the Specific Mandate, and the notice of the SGM together with a proxy form will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

***Shareholders and investors should note that the allotment and issue of the Subscription Shares is subject to the fulfilment of the conditions precedent set out in this announcement, and are advised to exercise caution when dealing in Shares as such allotment and issue of the Subscription Shares may or may not be completed.***

## **DEFINITIONS**

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

“28 July Subscription Agreement”	the subscription agreement dated 28 July 2018 entered into between the Company and the Subscriber in respect of the subscription of 2,600,000,000 New Shares;
“Board”	the board of Directors;
“Business Day”	any day (excluding Saturday and Sunday) on which banks are generally open for banking business in Hong Kong;
“Company”	FDG Electric Vehicles Limited, a company incorporated under the laws of Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (Stock Code: 729);
“Director(s)”	director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Share(s)”	new Share(s) to be allotted and issued by the Company;
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering the Subscription and the transactions contemplated thereunder and the grant of the Specific Mandate;

“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Specific Mandate”	a specific mandate to be sought from the Shareholders at the SGM to authorise the directors of the Company to allot and issue the Subscription Shares pursuant to the Subscription Agreement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	JIN ZHENG YUAN (HK) HOLDING CO., LIMITED, a company incorporated in Hong Kong with limited liability;
“Subscription”	the subscription of the Subscription Shares under the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 9 September 2018 entered into between the Company and the Subscriber in respect of the Subscription;
“Subscription Price”	HK\$0.090, being the subscription price per Subscription Share;
“Subscription Shares”	a total of 7,000,000,000 New Shares to be allotted and issued by the Company to the Subscriber (or its nominee) under the Subscription Agreement;
“trading day”	any day on which the Stock Exchange is open for the business of dealing in securities; and
“%”	per cent.

On behalf of the Board  
**FDG Electric Vehicles Limited**  
**Jaime Che**  
*Executive Director*

Hong Kong, 9 September 2018

*As at the date of this announcement, the Board comprises Mr. Cao Zhong (Chairman and Chief Executive Officer), Dr. Chen Yanping (Chief Technical Officer), Mr. Lo Wing Yat and Mr. Jaime Che (Senior 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>*