

*0.Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.*



## **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 30 June 2019, the Company entered into the Subscription Agreement with the Subscriber in relation to the Subscription.

The Subscription Shares represent approximately 14.96% of the issued share capital of the Company as at the date of this announcement, and approximately 13.01% 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\$110,330,739.73, which will be used to set off against the Total Outstanding Interest.

#### **GENERAL**

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

An 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 the 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 30 June 2019, 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 14.96% of the issued share capital of the Company as at the date of this announcement, and approximately 13.01% 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\$0.03 per Share on 28 June 2019, being the last trading day immediately before the date of the Subscription Agreement, the Subscription Shares have a market value of HK\$122,589,710.82 and an aggregate nominal value of HK\$40,863,236.94.

## **The Subscription Price**

The Subscription Price is HK\$0.027 per Share.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to, among others, 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 10.00% to the closing price of HK\$0.03 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 10.60% to the average closing price of HK\$0.0302 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 11.48% to the average closing price of HK\$0.0305 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 21.97% to the average closing price of HK\$0.0346 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\$110,330,739.73, which will be used to set off against the Total Outstanding Interest.

## **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 duly passing of the resolutions at a general meeting by the Shareholders in relation to the entry into of the Subscription Agreement and the transaction contemplated thereunder, and the Specific Mandate;
- (b) listing of and permission to deal in the Subscription Shares being granted by the Listing Committee of the Stock Exchange and such permission and listing not subsequently being revoked prior to the delivery of definitive share certificate representing the Subscription Shares;
- (c) the execution and delivery of the Subscription Agreement and any other documents required to be executed and delivered, on or before the date of completion to the Subscriber (or its legal advisers) by the Company;

- (d) the representations, warranties and undertakings given by the Company and the Subscriber in the Subscription Agreement remaining true and accurate in all material respects;
- (e) the execution and delivery of the amendment agreement to the Facility Agreement and the 2017 Subscription Agreement required to be executed within 14 Business Days from the date of the Subscription Agreement between the Company and the Subscriber for the purpose of enhancing matters like credit control and corporate governance of the Company, to the satisfaction of the Subscriber;
- (f) the announcement to be issued by the Company in relation to the issuance of the Subscription Shares (on the terms set out in the Subscription Agreement) shall have been made in accordance with the applicable laws, if applicable; and
- (g) there shall not have occurred (i) any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions or currency exchange rates or foreign exchange controls; (ii) a general moratorium on commercial banking activities in Hong Kong, the British Virgin Islands or Bermuda by any Governmental Authority; (iii) an outbreak or escalation of hostilities or act of terrorism, and which, with respect to any of (i) to (iii) above, individually or in aggregate, is or is likely to have a material adverse effect.

Neither of the above conditions can be waived by any party except condition (e) above. If the above conditions precedent are not fulfilled or waived, as the case may be, within six months of execution of the Subscription Agreement (or such later date as may be agreed between the Company and the Subscriber), the Subscription Agreement shall lapse and become null and void, and the parties will be released from all obligations thereunder except any antecedent breach.

### **Completion**

Completion of the allotment and issue of the Subscription Shares shall take place on the fifth Business Day immediately after the date on which all the conditions precedent set out above have been satisfied 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; and (2) immediately following completion of the allotment and issue of the Subscription Shares (assuming no other changes in the issued share capital of the Company):

	As at the date of this announcement		Immediately following completion of the allotment and issue of the Subscription Shares (assuming no other changes in the issued share capital of the Company)	
	Number of Shares	%	Number of Shares	%
The Subscriber	-	-	4,086,323,694	13.01%
金正源聯合投資控股有限公司 <sup>(Note 1)</sup>	2,645,575,000	9.68%	2,645,575,000	8.42%
CITIC Group Corporation <sup>(Note 2)</sup>	2,474,896,124	9.06%	2,474,896,124	7.88%
Others	22,202,602,650	81.26%	22,202,602,650	70.69%
Total	<u>27,323,073,774</u>	<u>100.00%</u>	<u>31,409,397,468</u>	<u>100.00%</u>

*Notes:*

- (1) 金正源聯合投資控股有限公司 is deemed to be interested in a total of 2,645,575,000 Shares, of which (i) 2,600,000,000 Shares are held by Lang Sheng (Hong Kong) Investment Co., Limited; and (ii) 45,575,000 Shares are held by Guoguang Global Asset Management (Hong Kong) Company Limited, each of these companies is an indirect wholly-owned subsidiary of 金正源聯合投資控股有限公司.
- (2) 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.

## 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>
29 March 2019	Placing and top-up subscription of new Shares under general mandate	Approximately HK\$38.5 million	For repayment of debts and working capital purposes.	(i) approximately HK\$33.1 million used for the repayment of debts; and (ii) approximately HK\$5.4 million used for the general working capital of the Group.
28 July 2018	Subscription of new Shares under general mandate	Approximately HK\$233.8 million	For supporting the development of electric vehicle business, repayment of debt and general working capital purposes.	(i) approximately HK\$36 million used for the repayment of debts; (ii) approximately HK\$100.5 million used for the general working capital of the Group; and (iii) approximately HK\$97.3 million used for supporting the development of electric vehicle business.

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 company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding.

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.

### 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 proceeds for the Subscription will be used to set off against the Total Outstanding Interest, which will lower the liability and improve the financial position of the Company.

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**

An 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 the 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:

“2017 Subscription Agreement”	the subscription agreement dated 28 November 2017 entered into between the Company and the Subscriber in relation to the subscription of 8% secured convertible bonds issued by the Company in the principal amount of HK\$400,000,000 by the Subscriber;
“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 in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (Stock Code: 729);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	director(s) of the Company;
“Facility Agreement”	the facility agreement dated 28 November 2017 entered into between the Company and the Subscriber;
“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 to it under the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“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 to allot and issue the Subscription Shares pursuant to the Subscription Agreement;



“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Sino Power Resources Inc., a company incorporated in the British Virgin Islands with limited liability;
“Subscription”	the subscription of the Subscription Shares under the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 30 June 2019 entered into between the Company and the Subscriber in respect of the Subscription;
“Subscription Price”	HK\$0.027, being the subscription price per Subscription Share;
“Subscription Shares”	a total of 4,086,323,694 new Shares (subject to adjustments as a result of share subdivision, share consolidation or share reclassification) to be allotted and issued by the Company to the Subscriber (or its nominee) under the Subscription Agreement;
“Total Outstanding Interest”	HK\$110,330,739.73, being the aggregate outstanding interests owed by the Company to the Subscriber under the Facility Agreement and the 2017 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, 30 June 2019

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

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