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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



On 28 October 2019 (after trading hours), the Company entered into a placing agreement with the Placing Agent for the placing, on a best efforts basis, of up to 280,000,000 new Shares at the minimum Placing Price of HK\$0.20 per Placing Share under the General Mandate.

The maximum number of the Placing Shares represents approximately 16.77% of the Company's issued share capital as of the date of this announcement and approximately 14.36% of the Company's issued share capital as enlarged by the allotment and issue of all such Placing Shares. The gross proceeds from the Placing will be HK\$56 million if all such Shares are placed at the minimum Placing Price of HK\$0.20 per Placing Share.

Completion of the Placing is subject to the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Placing Shares on the Stock Exchange. As the Placing may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and other securities of the Company.

THE PLACING AGREEMENT

Date

28 October 2019 (after trading hours)

Parties

- (1) The Company (as the issuer); and
- (2) the Placing Agent (as the placing agent).

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are independent of the Company or any of its connected persons.

The Placing Shares are being placed out on a best efforts basis during the Placing Period. The placees will be not less than six individual, professional or institutional investors who are independent of the Company or any of its connected persons.

Placing Shares

The Placing will involve up to 280,000,000 new Shares with an aggregate nominal value of HK\$56,000,000. If all Placing Shares are fully placed, the Placing will result in the total number of issued Shares in the Company's issued share capital being increased from 1,669,469,872 Shares to 1,949,469,872 Shares. The maximum number of Placing Shares represents approximately 16.77% of the Company's issued share capital as at the date of this announcement and approximately 14.36% of the Company's issued share capital as enlarged by the issue of all such Shares, assuming the maximum number of the Placing Shares has been placed and no other changes in the issued share capital of the Company. The Placing Shares are being placed out pursuant to the General Mandate under which 280,030,737 Shares are available for issuance as at the date of this announcement, and the Placing is not subject to the approval of the Shareholders.

Placing Price

The Placing Shares are to be placed at the minimum Placing Price of HK\$0.20 per Share which represents the existing par value of the Shares. Such minimum Placing Price represents:

- (1) a discount of approximately 10.31% to the closing price of HK\$0.223 per Share on the Stock Exchange on 28 October 2019, being the date of the Placing Agreement;
- (2) a discount of approximately 2.44% to the average of the closing price of approximately HK\$0.205 per Share on the Stock Exchange for the five (5) consecutive trading days ending with 25 October 2019, being the last trading day immediately preceding the date of this announcement;

- (3) a premium of approximately 2.04% over the average of the closing price of approximately HK\$0.196 per Share on the Stock Exchange for the ten (10) consecutive trading days ending with 25 October 2019, being the last trading day immediately preceding the date of this announcement; and
- (4) a discount of approximately 9.91% to the average of the closing price of approximately HK\$0.222 per Share on the Stock Exchange for the thirty (30) consecutive trading days ending with 25 October 2019, being the last trading day immediately preceding the date of this announcement.

The Directors consider that the Placing Price, which was negotiated at arm's length with the Placing Agent based on the prevailing market prices for the Shares, is a fair and reasonable price, and that the Placing is in the interest of the Company and the Shareholders as a whole. The gross proceeds from the Placing will be HK\$56 million if the maximum number of Placing Shares is placed at the minimum Placing Price. The final Placing Price shall be determined by the Company and the Placing Agent upon the expiry of the Placing Period.

The Placing Agent will be paid a commission of 3% of the amount equal to the Placing Price multiplied by the number of Placing Shares that has been successfully placed through the Placing. If the maximum number of Placing Shares is placed at the minimum Placing Price, the net proceeds of the Placing are estimated to amount to approximately HK\$54 million, after deducting the commission, legal fee, SFC transaction levy and Stock Exchange trading fee and other expenses required to be borne by the Company under the Placing Agreement, and on the foregoing basis, the net price per Placing Share is approximately HK\$0.193.

COMPLETION OF THE PLACING

Completion of the Placing is conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Placing Shares on the Stock Exchange, and the closing date of the Placing will be on the third business day after obtaining such listing approval (or such other date as the Company and the Placing Agent may agree). The Company will apply for the listing of the Placing Shares.

If the above shall not have been so satisfied by the Long Stop Date, all obligations of the Placing Agent and of the Company under the Placing Agreement shall cease and none of the parties shall have any claim against the other in relation to the Placing, save for rights and remedies accrued prior to such termination.

The Placing Shares will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of such Placing Shares.

EFFECT OF THE PLACING ON SHAREHOLDING STRUCTURE

The table below sets out the Company's shareholding structure as at the date of this announcement and upon completion of the Placing, assuming the maximum number of the Placing Shares has been placed, no further issue or repurchase of Shares and no conversion of any of the convertible securities of the Company:

	As at the date of this announcement		Upon completion of the Placing	
	Number of Shares	%	Number of Shares	%
Placees	-	-	280,000,000	14.363%
Sino Power Resources Inc.	204,316,184	12.238%	204,316,184	10.481%
Directors:				
Mr. Cao Zhong ^(Note 1)	64,789,499	3.881%	64,789,499	3.323%
Mr. Jaime Che	50,000	0.003%	50,000	0.003%
Dr. Chen Yanping ^(Note 2)	32,906,250	1.971%	32,906,250	1.688%
Mr. Lo Wing Yat	1,058,950	0.063%	1,058,950	0.054%
Other Shareholders ^(Note 3)	<u>1,366,348,989</u>	<u>81.844%</u>	<u>1,366,348,989</u>	<u>70.088%</u>
Total	<u>1,669,469,872</u>	<u>100.000%</u>	<u>1,949,469,872</u>	<u>100.000%</u>

Notes:

- (1) Mr. Cao Zhong, an executive Director and the chairman of the Company, is deemed to be interested in a total of 64,789,499 Shares, including 64,449,499 Shares held by Long Hing International Limited which is his wholly-owned investment holding company.
- (2) Dr. Chen Yanping, an executive Director, is deemed to be interested in 32,906,250 Shares held by Captain Century Limited which is owned as to 60% by Dr. Chen and 40% by his spouse, Ms. Zhang Lu.
- (3) Other Shareholders include (i) core connected persons (as defined in the Listing Rules) of the Company other than Directors holding an aggregate of 31,966,302 Shares (representing approximately 1.915% of the issued share capital of the Company as at the date of this announcement); and (ii) public Shareholders holding an aggregate of 1,334,382,687 Shares (representing approximately 79.929% of the issued share capital of the Company as at the date of this announcement). There is no other substantial Shareholder who holds 10% or more of the shareholding interest in the Company.

EQUITY FUND RAISING ACTIVITIES IN THE LAST TWELVE MONTHS

Save as set out below, the Company has not completed out any equity fund raising activities in the twelve (12) months immediately preceding the date of this announcement.

Date of announcement	Fund raising activity	Approximate net proceeds	Intended use of proceeds	Actual use of proceeds (as at the date of this announcement)
30 June 2019	Subscription of new Shares under specific mandate	Approximately HK\$110,330,739.73	For setting off against interest on certain debt owed by the Company to the subscriber	For setting off against interest on certain debt owed by the Company to the subscriber
29 March 2019	Placing and top-up subscription of new Shares under general mandate	Approximately HK\$38.5 million	For repayment of debts and general 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

REASONS FOR AND BENEFITS OF THE PLACING

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 Directors consider that the Placing represents an opportunity to strengthen the Group's financial position and to broaden the shareholders' base and the capital base of the Company. The Placing also provides working capital to the Group to meet any financial obligations of the Group without any interest burden within a relatively shorter time frame and at lower costs when compared with other means of fundraising. Assuming all the Placing Shares are successfully allotted and issued at the minimum Placing Price, the net proceeds from the Placing will be approximately HK\$54 million, which will be primarily applied in repayment of debt and general working capital purposes.

Completion of the placing is subject to the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Placing Shares on the Stock Exchange. As the Placing may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“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 thereto under the Listing Rules;
“Director(s)”	director(s) of the Company;
“General Mandate”	the general mandate granted to the Directors by an ordinary resolution of the Shareholders passed at the annual general meeting of the Company held on 3 September 2019 to allot and issue 280,030,737 new Shares;
“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 under the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	11 November 2019 or such other date as may be agreed by the Company and the Placing Agent;
“Placing”	the placing of up to 280,000,000 new Shares at the Placing Price pursuant to the terms and conditions of the Placing Agreement;
“Placing Agent”	Morton Securities Limited, a corporation licensed to carry out type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Placing Agreement”	the placing agreement dated 28 October 2019 and entered into between the Company and the Placing Agent in relation to the Placing;

“Placing Period”	the period commencing immediately after the date of the Placing Agreement and expiring at 5:00 p.m. on 30 October 2019 (or such later time and date as the parties may agree in writing but which in any event shall not be a date later than 11 November 2019);
“Placing Price”	the price at which the Placing Shares shall be allotted and issued, which shall not be less than HK\$0.20 per Placing Share and which shall be determined by the Company and the Placing Agent upon the expiry of the Placing Period;
“Placing Shares”	up to an aggregate of 280,000,000 new Shares to be placed under the Placing;
“PRC”	the People’s Republic of China which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“SFC”	the Securities and Futures Commission of Hong Kong;
“Share(s)”	ordinary share(s) of HK\$0.20 each in the issued share capital of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

On behalf of the Board
FDG Electric Vehicles Limited
Jaime Che
Chief Executive Officer

Hong Kong, 28 October 2019

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