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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)

INSIDE INFORMATION SETTLEMENT DEED AND PROFIT UPDATE

This announcement is made by the board of directors (the “**Board**”) of FDG Electric Vehicles Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated 12 March 2011, 10 June 2011, 30 October 2012 and 20 March 2013 relating to, among others, the legal proceedings that the Company and two of its subsidiaries (collectively the “**Plaintiffs**”) against Mr. Chung Winston (formerly known as Chung Hing Ka) (“**Mr. Chung**”) and certain companies which are wholly owned and/or controlled by him (“**Other Defendants**”) in the High Court of Hong Kong (the “**Hong Kong Proceedings**”).

The Company is pleased to announce that, on 21 November 2019, the Plaintiffs, Mr. Chung (represented by his trustees of bankruptcy (the “**Trustees**”), Mei Li New Energy Limited (a company wholly owned by Mr. Chung) (together with Mr. Chung, the “**Defendants**”) and the Trustees entered into a deed of settlement and release (the “**Settlement Deed**”). Pursuant to the Settlement Deed, the parties thereto agree to discontinue the Hong Kong Proceedings on the part against the Defendants, and the counterclaims made by the Defendants as against the Company, including the counterclaim against the Company to pay the redeemed convertible bonds of approximately HK\$760,752,000.

According to the Settlement Deed, the Plaintiffs and the Defendants shall release and discharge each other from any liability, claims, demands, actions, costs and expenses that they may have had against each other arising from the facts, matters and circumstances as raised in the Hong Kong Proceedings. Accordingly, upon the settlement of the investigation costs by the Plaintiffs to the Trustees, the Company’s obligations under the redeemed convertible bonds of approximately HK\$760,752,000 (which was classified as non-current liabilities in the consolidated statement of

financial position of the Company as at 31 March 2019) shall be fully discharged and it is expected that such amount, after deduction of certain costs, will be recognised as a one-off gain of approximately HK\$759,752,000 in the consolidated statement of profit or loss of the Group for the year ending 31 March 2020. Hence, the liabilities of the Group are expected to be reduced and the net assets value of the Group will be increased by approximately HK\$759,752,000. In view of the above, the Board expects that there will not be any material adverse effect on the Company's operations.

The Company is seeking legal advice on steps to be taken to claim against Other Defendants in the Hong Kong Proceedings or to discontinue the Hong Kong Proceedings.

As the discontinuance of part of the Hong Kong Proceedings pursuant to the Settlement Deed is subject to a court order, shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

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

Hong Kong, 21 November 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>