

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.



FDG Electric Vehicles Limited

五龍電動車（集團）有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 729)

- (1) INSIDE INFORMATION – WINDING UP PETITION;
(2) RESULTS OF THE RIGHTS ISSUE;
(3) ADJUSTMENTS IN RELATION TO OTHER SECURITIES OF THE COMPANY;
AND
(4) RESUMPTION OF TRADING**

This announcement is made by FDG Electric Vehicles Limited (the “**Company**”) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Reference is made to the prospectus (the “**Prospectus**”) of the Company dated 10 February 2020 and the announcement of the Company dated 26 February 2020 (the “**Announcement**”) in relation to the Rights Issue. Capitalised terms used in the Prospectus shall have the same meanings in this announcement unless otherwise defined.

On 2 March 2020, the Company received a letter from legal advisers acting for Jingang Group Investment Limited (the “**Petitioner**”), a substantial shareholder of the Company holding approximately 12.22% of the issued share capital of the Company immediately prior to the completion of the Rights Issue, to the best of the Directors’ knowledge, the Petitioner is not related to any other connected person of the Company, enclosing therewith an unsealed copy of the petition (the “**Petition**”), without any case number purportedly presented with the Supreme Court of Bermuda (the “**Court**”) against the Company in the Court for an order that the Company be wound up by the Court on the just and equitable ground. The Board wishes to clarify that the Company does not owe any money to the Petitioner and the Petition was not made on insolvency ground. As at the date of this announcement, the Company has yet to receive any sealed copy of the Petition, the Board is uncertain whether the Petition has been (i) duly filed with and/or (ii) approved by the Court for issue to the Company.

The Company is in the course of seeking legal advice on the matter, and will vigorously defend the Petition. The Board, having obtained legal advice, considered that the relief being sought by the Petitioner, namely the winding-up of the Company, is grossly disproportionate to the complaints made by the Petitioner, and that the reason for the winding-up of the Company are of no merit and the intention behind such proposed petition is frivolous and is ultimately a malicious attempt to undermine the success of the Rights Issue. However, in order to safeguard the interests of the Shareholders, the Board intends to apply to the Court for a validation order to validate the issue of the Rights Shares pursuant to the Rights Issue.

RIGHTS ISSUE

As disclosed in the Prospectus, the Rights Issue is conditional upon the fulfilment of each of the following conditions:

- (i) the delivery to the Stock Exchange and filing and registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents, each duly certified by the Directors (or by their agents duly authorised in writing) on or before the Posting Date in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (and all other documents required to be attached thereto) and otherwise complying with the requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Listing Rules;
- (ii) the posting of copies of the Prospectus Documents to the Qualifying Shareholders and the posting of the prospectus stamped “For Information Only” to the Excluded Shareholders, for information purpose only; and
- (iii) the Listing Committee of the Stock Exchange agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms.

As at 6:00 p.m. on Monday, 2 March 2020, all of the conditions precedent to the Rights Issue have been satisfied. Therefore, the Rights Issue has become unconditional as at 6:00 p.m. on 2 March 2020.

Crosby Securities Limited, the placing agent of the Unsubscribed Arrangements to the Rights Issue, has confirmed with the Board that the Placing of the Unsubscribed Rights Shares will proceed for completion in accordance with the terms of the Placing Agreement.

As disclosed in the Prospectus, the Rights Issue would enable the Group to strengthen its financial position and the Board is of the view that the Rights Issue is necessary to provide sufficient funds for the repayment of the Group’s debts and for general working capital of the Group. Given the circumstances and rationale behind the Petitioner’s winding-up petition, the Board is of the opinion that the likelihood of the Petitioner succeeding in its application to wind up the Company to be low and that a validation order will be sought from the Court as soon as possible, the Board has therefore resolved to proceed with the Rights Issue as planned.

EFFECTS OF WINDING UP PETITION

As advised by the legal advisers of the Company, there is no restriction on the Company proceeding with the Rights Issue after the issue of the Petition by the Petitioner, however, in the unlikely event that the Company is ultimately wound up as a result of the Petition, then any disposition of the property of the Company, including things in action, and any transfer of shares, or alteration in the status of the members of the Company after the commencement date of the winding up, namely the date of the presentation of the Petition, shall be void unless a validation order is obtained from the Court. The issue of the Rights Shares, transfer of Shares and any disposition made on or after the date of presentation of the Petition will not be affected if the Petition is subsequently struck out, dismissed, withdrawn or permanently stayed. Despite the Board’s assessment that the chance of the Petitioner succeeding in its Petition to be relatively low, in the unlikely event that the Company is wound up as a result of the Petition and a validation order has not been granted for the issue of the Rights Shares pursuant to the Rights Issue by the Court, the issue of the Rights Shares would be void by the operation of law and the Company will be required to refund the subscription money to the subscribers of the Rights Shares and the placees.

Pursuant to the circular dated 28 December 2016 issued by Hong Kong Securities Clearing Company Limited (“**HKSCC**”) in relation to the transfer of the shares of listed issuers after a winding up petition has been presented, and in view of the restrictions and the uncertainties that may arise in relation to the transfer of shares of the Company, for participant(s) who conduct share transfers through HKSCC (the “**Participant(s)**”), HKSCC may at any time, and without notice, exercise its powers under the General Rules of Central Clearing and Settlement System (“**CCASS**”) to temporarily suspend any of its services in respect of shares of the Company. This may include the suspension of acceptance of deposits of share certificates of the Company into CCASS. The share certificates of the Company received by HKSCC but not yet re-registered in HKSCC Nominee Limited’s name will also be returned to the relevant Participant and HKSCC shall reserve the right to reverse any credit granted to such Participant by debiting the relevant securities from its CCASS account accordingly. These measures would generally cease to apply from the date when the winding up petition has been struck out, dismissed, withdrawn or permanently stayed, or the relevant Company has obtained the necessary validation order from the Court. Shareholders and potential investors should exercise caution when dealing in the shares of the Company. **The Company has made enquiry with HKSCC on the arrangement. According to HKSCC, the Company should obtain a validation order as soon as possible or HKSCC may need to refuse to accept the depository of the Rights Shares and the placing Shares into CCASS.**

As stated above, the Company intends to vigorously defend against the Petition (including but not limited to making an application to strike out the Petition in Bermuda), however, as the Company has not received a sealed Petition, no date has been set down by the Court for the hearing of the Petition. In order to safeguard the interests of the Shareholders, the Board intends to apply to the Court for a validation order to validate the issue of the Rights Shares pursuant to the Rights Issue, however as the Company has not received a sealed copy of the Petition with a return date for the hearing of the Petition, no timeline has been fixed by the Board for the application of the validation order as at the date of this announcement.

The Company will keep its shareholders and investors informed of any significant development of the Petition as and when appropriate. The Board reserves all rights to take any action (including but not limited to seeking damages for any loss which may be suffered by the Company) to protect the interests of the Company.

RESULTS OF THE RIGHTS ISSUE

As disclosed in the Announcement, as at 4:00 p.m. on Monday, 24 February 2020, being the latest time for acceptance of and payment for the Rights Shares, a total of 6 valid acceptances for provisional allotment of a total of 30,280,803 Rights Shares, representing approximately 3.11% of the total number of Rights Shares available for subscription under the Rights Issue, have been received.

The Rights Issue was proceeded on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares, and there was no excess application arrangement in relation to the Rights Issue.

Based on the number of valid acceptance, a total of 944,454,133 Unsubscribed Rights Shares, which consist of (i) 944,454,133 Rights Shares that were not taken up by the Qualifying Shareholders and (ii) nil unsold entitlement of the Excluded Shareholders, are available for the Placing Agent to place to independent places on a best effort basis under the Placing Agreement.

The Board would like to announce that as at 6:00 p.m. on Monday, 2 March 2020, being the latest time for placing of the Unsubscribed Rights Shares by the Placing Agent under the Placing Agreement, 525,000,000 Unsubscribed Rights Shares have been placed at the placing price of HK\$0.2 per Unsubscribed Rights Share which is the same as the Subscription Price. Based on the number of valid acceptance as at the latest time for acceptance of and payment for the Rights Shares and the number of Unsubscribed Rights Shares subscribed as at the latest time for placing of the Unsubscribed Rights Shares under the Unsubscribed Arrangements, 555,280,803 Rights Shares have been accepted, applied for or placed, representing approximately 56.97% of the total number of 974,734,936 Rights Shares offered under the Rights Issue.

The Unsubscribed Rights Shares were placed to two placees (the “**Placees**”) in the following manner in the form of physical share certificates:

Name of Placees	Number of Placing Shares
Yip Chi Chiu	25,000,000
Universal Way Limited	500,000,000

To the best of the Directors’ knowledge, the two Placees are not related to each other (business or otherwise) and there is no negotiation, understanding, agreement or prior arrangement (verbal or written) between the two Placees and between each of the two Placees with the Company and its connected persons and their respective associates.

To the best of the Directors’ knowledge, Universal Way Limited is a wholly-owned subsidiary of Allied Properties (H.K.) Limited, the issued shares of which are listed on the Stock Exchange (Stock Code 56).

Immediately prior to the completion of the Placing, neither of the two Placees are core connected person of the Company (as defined under the Listing Rules) and would have been considered to be “public shareholder” under Rule 8.24 of the Listing Rules. Immediately after completion of the Placing, Universal Way Limited will become a substantial shareholder, hence a core connected person of the Company. To the best of the Directors’ knowledge, Yip Chi Chiu will not become a core connected person of the Company after the completion of the Placing and will be regarded as “public shareholder” under Rule 8.24 of the Listing Rules.

The gross proceeds raised from the Rights Issue are approximately HK\$111 million before expenses. All conditions with respect to the Rights Issue set out in the Prospectus have been fulfilled. As a result, the Rights Issue became unconditional as at 6:00 p.m. on Monday, 2 March 2020. The net proceeds (after deducting professional fees and other expenses in connection with the Rights Issue from the gross proceeds) raised from the Rights Issue amount to approximately HK\$106 million. The Company intends to apply the net proceeds from the Rights Issue as follows:

- (i) as to about 71% of the net proceeds for the interest payment of approximately HK\$45 million and/or principal repayment of approximately HK\$30 million of the Group’s debts; and
- (ii) as to about 29% of the net proceeds for general working capital of the Group including but not limited to the overhead for the Group, professional fees and other general operational expenses.

Effect of the Rights Issue on the shareholdings in the Company

Based on the information available to the Company and to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as at the date of this announcement, the shareholding structure of the Company immediately before and after completion of the Rights Issue, are as follows:

Shareholders	Immediately before completion of the Rights Issue		Immediately after completion of the Rights Issue	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Jingang Group Investment Limited	238,215,000	12.219	238,215,000	9.511
Sino Power Resources Inc.	204,316,184	10.481	204,316,184	8.157
Directors:				
Mr. Cao Zhong ^(Note 1)	64,449,499	3.306	64,449,499	2.573
Mr. Jaime Che	50,000	0.003	50,000	0.002
Dr. Chen Yanping ^(Note 2)	32,906,250	1.688	32,906,250	1.314
Mr. Lo Wing Yat	1,058,950	0.054	1,588,425	0.063
Places	-	-	525,000,000	20.960
Core connected person (other than Directors) ^(Note 3)	31,966,302	1.640	31,966,302	1.276
Public Shareholders ^(Note 4)	<u>1,376,507,687</u>	<u>70.609</u>	<u>1,406,259,015</u>	<u>56.144</u>
Total	<u>1,949,469,872</u>	<u>100.000</u>	<u>2,504,750,675</u>	<u>100.000</u>

Notes:

- (1) Mr. Cao Zhong, an executive Director, is deemed to be interested in 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) Core connected persons (as defined in the Listing Rules) of the Company other than Directors, who are the directors of the subsidiaries of the Company, hold an aggregate of 31,966,302 Shares, including 18,734,552 Shares held by Mr. Miao Zhenguo through his wholly-owned companies, 12,793,750 Shares held by Mr. Wu Yangnian through his wholly-owned company, 241,500 Shares held by Mr. Xu Weidong, 100,000 Shares held by Mr. Chen Jian through his wholly-owned company, 50,000 Shares held by Mr. Zhao Zhengwei and 46,500 Shares held by Mr. Wu Fei .
- (4) There is no other substantial Shareholder who holds 10% or more of the shareholding interest in the Company immediately prior to the completion of the Rights Issue.

Despatch of share certificates

Share certificates in respect of valid acceptances of the Rights Shares are despatched to those entitled thereto by ordinary post to their respective registered address at their own risks on Wednesday, 4 March 2020. Given the Rights Issue became unconditional and proceeded to completion, no monies received in respect of the relevant provisional allotments will be refunded, and no cheque will be posted, to the Qualifying Shareholders or such other person to whom the nil-paid rights have been validly renounced or transferred.

Commencement of dealings of Rights Shares in fully-paid form

Dealings in the Rights Shares, in their fully-paid form, are expected to commence on the Stock Exchange at 9:00 a.m. on Thursday, 5 March 2020.

Payment of Net Gain to relevant No Action Shareholders

As there is no premium over the Subscription Price for those Rights Shares placed by the Placing Agent under the Unsubscribed Arrangements, no Net Gain is expected to be paid to any No Action Shareholder.

ADJUSTMENTS IN RELATION TO OTHER SECURITIES OF THE COMPANY

Adjustments to outstanding share options

As a result of the completion of the Rights Issue, pursuant to the terms of each of (i) the share option scheme adopted by the Company on 30 March 2004 and terminated on 28 February 2014 (the “**2004 Scheme**”); and (ii) the share option scheme adopted by the Company on 28 February 2014 (the “**2014 Scheme**”) and in accordance with Rule 17.03(13) of the Listing Rules and the supplementary guidance dated 5 September 2005 issued by the Stock Exchange, the exercise price and the number of outstanding share options granted under the 2004 Scheme and the 2014 Scheme will be adjusted in the following manner with effect from 4 March 2020, being the completion date of the Rights Issue.

Date of grant	Before adjustments		After adjustments	
	Exercise price per Share HK\$	Number of outstanding share options	Exercise price per Share HK\$	Number of outstanding share options
<i>2004 Scheme</i>				
4 September 2013	9.000	9,555,000	8.970	9,586,639
<i>2014 Scheme</i>				
28 April 2014	12.600	5,235,000	12.558	5,252,334
31 July 2017	8.000	94,800,000	7.974	95,113,907

The adjusted exercise price and number of outstanding share options set out above have been certified by the auditor of the Company.

Adjustments to outstanding convertible bonds

The auditor of the Company certified that pursuant to the terms of the convertible bonds due in 2020 with the principal amount of HK\$400 million (the “**CB due 2020**”) and the terms of the convertible bonds due in 2021 with the principal amount of HK\$275 million (the “**CB due 2021**”), no adjustment on the conversion price and the number of conversion shares which may be allotted and issued upon exercise of the conversion rights is needed for the CB due 2020 and CB due 2021 as a result of the completion of the Rights Issue.

RESUMPTION OF TRADING

Trading of the Shares has been halted since 3:33 p.m. on 2 March 2020 pending the release of this announcement. Trading in the Shares will resume at 9:00 a.m. on 5 March 2020.

Transfer of Shares may be restricted as the deposits of the Shares into CCASS may be suspended due to the Petition. Shareholders and potential investors should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional adviser(s).

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

Hong Kong, 4 March 2020

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

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