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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)

(1) SUSPENSION OF DIRECTOR'S DUTIES; AND (2) COMMENCEMENT OF LEGAL ACTION

The board of directors (the “**Board**”) of FDG Electric Vehicles Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) announces the followings:

Reference is made to the announcements of the Company dated 31 October 2019 and 1 November 2019 in relation to the placing of shares of the Company (the “**Shares**”) by Shanxi Securities International Limited (the “**Shanxi Placing**”). The Board has conducted investigations on the Shanxi Placing.

The Shanxi Placing

After investigation into the Shanxi Placing and having taken legal advice, it came to the Board’s attention that Mr. Cao Zhong (“**Mr. Cao**”) had been conspiring with Jingang Group Investment Limited (“**Jingang**”), Mr. Zhao Jinhong (“**Mr. Zhao**”), Ms. Tian Yuze (“**Ms. Tian**”), daughter-in-law of Mr. Zhao and the other placees (the “**Placees**”) to the Shanxi Placing, to deliberately mislead the Board by making representations which Mr. Cao has knowledge to be false for the purpose of enabling Mr. Zhao to become, directly or indirectly, the single largest shareholder of the Company through the allotment of the 280,000,000 Shares (the “**Wrongfully Placed Shares**”) under the Shanxi Placing.

Furthermore, Mr. Cao had been reluctant to cooperate with other members of the Board so as to prevent the internal investigation against him by seeking to regain *de facto* control over the affairs of the Group through Jingang and Mr. Zhao by way of the allotment of the Wrongfully Placed Shares. Mr. Cao has also not been cooperating with the Board in relation to its investigations and has failed to provide response to queries by the Board.

Follow up action

The Board, having considered the events leading up to and after the Shanxi Placing, and having taken advice from the legal advisors of the Company, has resolved to implement the following actions:

- (i) as Mr. Cao has failed to discharge his fiduciary duty as an executive director of the Company, the Board has resolved to suspend the duties of Mr. Cao as executive director of the Company with immediate effect; and
- (ii) the Board has instructed the Company's legal advisors to commence legal action against, among others, Mr. Cao, Jingang, Mr. Zhao, Ms. Tian and the Placees for remedies including but not limited to:
 - (a) a declaration that Mr. Cao acted in breach of fiduciary, common law and/or statutory duties owed to the Company by the allotment of the Wrongfully Placed Shares to the Placees;
 - (b) a declaration and order against the Placees that the allotment of the Wrongfully Placed Shares is null and void, or has been rescinded and set aside;
 - (c) a declaration and order against the transfer of the Wrongfully Placed Shares from the Placees to Jingang and Ms. Tian and parties otherwise related to Mr. Zhao is null and void and/or invalid and/or rescinded;
 - (d) an injunction against Jingang and Ms. Tian that they be restrained from exercising the voting rights, or transferring or otherwise dealing with their interest in, the Wrongfully Placed Shares; and
 - (e) general or special damages.

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

Hong Kong, 10 March 2020

As at the date of this announcement, the Board comprises Mr. Cao Zhong (suspended), 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>