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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)



FDG Kinetic Limited

五龍動力有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 378)

JOINT ANNOUNCEMENT

- (1) COMPLETION OF THE ALEEEES SHARE SUBSCRIPTION, THE ARK CAYMAN ACQUISITION, THE ARK TAIWAN ACQUISITION AND THE FDG SUBSCRIPTION; AND**
(2) COOPERATION AGREEMENT BETWEEN FKL AND ALEEEES

References are made to the joint announcement of FDG Electric Vehicles Limited (“**FDG**”) and FDG Kinetic Limited (“**FKL**”) dated 14 April 2016 and the circular of FKL (the “**Circular**”) dated 30 May 2016 in relation to, among other things, the ALEEEES Share Subscription, the Ark Cayman Acquisition, the Ark Taiwan Acquisition and the FDG Subscription. Unless otherwise defined, terms used in this joint announcement shall have the same meanings as those defined in the Circular.

COMPLETION OF THE ALEEEES SHARE SUBSCRIPTION

The board of directors of FKL is pleased to announce that following the satisfaction of all the relevant conditions precedent under the ALEEEES Share Subscription Agreement, completion of the subscription of 46,000,000 new ordinary shares of ALEEEES at the subscription price of NT\$35 took place on 24 August 2016 in accordance with the terms of the ALEEEES Share Subscription Agreement.

After completion of the ALEEEES Share Subscription, FKL holds approximately 21.85% of the total issued ALEEEES Shares and ALEEEES has been accounted for as an associated company of FKL.

COMPLETION OF THE ARK CAYMAN ACQUISITION AND THE ARK TAIWAN ACQUISITION

The board of directors of FDG is pleased to announce that following the satisfaction of all the relevant conditions precedent under the Ark Cayman Sale and Purchase Agreement and the Ark Taiwan Asset Purchase Agreement, completion of (i) the acquisition of the entire issued share capital of Ark Cayman at the consideration of HK\$28,000,000 in accordance with the Ark Cayman Sale and Purchase Agreement; and (ii) the acquisition of the Ark Taiwan Asset and the Ark Taiwan Equipment in accordance with the Ark Taiwan Asset Purchase Agreement took place on 24 August 2016.

After completion of the Ark Cayman Acquisition, Ark Cayman has become a wholly-owned subsidiary of FDG.

COMPLETION OF THE FDG SUBSCRIPTION

The board of directors of FDG is pleased to announce that following the satisfaction of all the relevant conditions precedent under the FDG Subscription Agreement, completion of the subscription for a total of (i) 430,000,000 new FDG Shares at the subscription price of HK\$0.50 per FDG Subscription Share; and (ii) FDG Convertible Bonds in an aggregate principal amount of HK\$275,000,000 took place on 25 August 2016 in accordance with the terms of the FDG Subscription Agreement. On the date of the completion, FDG received gross proceeds in an aggregate amount of HK\$490,000,000 paid in cash by ALEEEES as consideration for the FDG Subscription Shares and the FDG Convertible Bonds.

For illustration purposes only, the following table sets out the shareholding structure of FDG (i) immediately before completion of the FDG Subscription; (ii) immediately after completion of the FDG Subscription; and (iii) immediately upon conversion in full of the FDG Convertible Bonds at the initial conversion price (assuming that there is no other change in the share capital of FDG and conversion price):

Shareholders	Immediately before the FDG Subscription		Immediately after the FDG Subscription		Upon (i) FDG Subscription; and (ii) conversion in full of the FDG Convertible Bonds	
	Number of	Approximate	Number of	Approximate	Number of	Approximate
	Shares	%	Shares	%	Shares	%
Mr. Cao Zhong (Note 1)	2,657,859,998	12.10	2,657,859,998	11.87	2,657,859,998	11.58
CITIC Group Corporation (Note 2)	2,474,896,124	11.27	2,474,896,124	11.05	2,474,896,124	10.79
Mr. Miao Zhenguo (Note 3)	1,970,551,043	8.97	1,970,551,043	8.80	1,970,551,043	8.59
Mr. Li Ka Shing (Note 4)	1,456,810,000	6.63	1,456,810,000	6.51	1,456,810,000	6.35
ALEEEES	-	-	430,000,000	1.92	980,000,000	4.27
Other FDG Shareholders	13,404,245,943	61.03	13,404,245,943	59.86	13,404,245,943	58.42
Total:	21,964,363,108	100.00	22,394,363,108	100.00*	22,944,363,108	100.00

Notes:

- (1) Mr. Cao Zhong (“**Mr. Cao**”), an executive director, the chairman and chief executive officer of FDG, holds a total of 2,657,859,998 FDG Shares, including 2,311,059,998 FDG Shares held by Long Hing International Limited, 340,000,000 FDG Shares held by Champion Rise International Limited, both of which are his wholly-owned investment holding companies, and 6,800,000 FDG Shares held by Mr. Cao.
- (2) CITIC Group Corporation is deemed to be interested in 2,474,896,124 FDG 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. Star Mercury Investments Ltd. is an indirect wholly-owned subsidiary of CITIC Limited. CITIC Group Corporation holds, directly or indirectly, one-third or more interest in CITIC International Assets Management Limited, Right Precious Limited, CITIC Limited and Star Mercury Investments Ltd.

- (3) Mr. Miao Zhenguo (“**Mr. Miao**”), an executive director and the deputy chairman of FDG, holds 1,806,301,043 FDG Shares through Union Ever Holdings Limited and 164,250,000 FDG Shares through Infinity Wealth International Limited, both of which are his wholly-owned investment holding companies.
- (4) Mr. Li Ka-shing is deemed to be interested in a total of 1,456,810,000 FDG Shares, of which 6,660,000 shares are held by Lion Cosmos Limited (“**Lion Cosmos**”), 707,150,000 shares are held by Li Ka Shing (Canada) Foundation (“**LKSCF**”) and 743,000,000 shares are held by Lucky River Holdings Limited (“**Lucky River**”). Lion Cosmos is a wholly-owned subsidiary of Li Ka Shing (Overseas) Foundation (“**LKSOF**”). By virtue of the terms of the constituent documents of LKSOF and LKSCF, Mr. Li Ka-shing may be regarded as having the ability to exercise or control the exercise of one-third or more of the voting power at general meetings of LKSOF and LKSCF respectively. Lucky River is a wholly-owned subsidiary of Mayspin Management Limited, which in turn is wholly owned by Mr. Li Ka-shing.

** ignores rounding error*

COOPERATION AGREEMENT BETWEEN FKL AND ALEEEES

According to the Cooperation Agreement, FKL will engage ALEEEES as a consultant in China to actively facilitate the construction of factories for the production of lithium ferrous phosphate (“**LFP**”) cathode materials in order to further develop the lithium-ion battery cathode materials business of FKL. Furthermore, after FDG’s electric vehicle production base in Hangzhou has commenced production since April 2016, the demand for lithium-ion batteries and in turn related raw materials have increased as FDG’s production capacity is ramping up gradually. Besides, the development of LFP cathode materials business will ensure a stable supply of quality LFP cathode materials to FDG. In addition, LFP cathode materials business and FDG’s electric vehicle business are developed together to achieve synergies, to enable FDG to control cost more effectively and to enhance its competitiveness.

By order of the Board
FDG Electric Vehicles Limited
Jaime Che
Executive Director

By order of the Board
FDG Kinetic Limited
Jaime Che
Executive Director

Hong Kong, 25 August 2016

As at the date of this joint announcement, the board of directors of FDG comprises Mr. Cao Zhong (Chairman and Chief Executive Officer), Mr. Miao Zhenguo (Deputy Chairman), Dr. Chen Yanping (Chief Operating Officer), Mr. Lo Wing Yat and Mr. Jaime Che (Vice President) as executive directors; and Mr. Chan Yuk Tong, Mr. Fei Tai Hung and Mr. Tse Kam Fow as independent non-executive directors.

As at the date of this joint announcement, the board of directors of FKL comprises Mr. Cao Zhong (Chairman), Mr. Sun Ziqiang (Vice Chairman), Mr. Miao Zhenguo (Chief Executive Officer) and Mr. Jaime Che as executive directors; Dr. Chen Yanping and Professor Chen Guohua as non-executive directors; Mr. Hung Chi Yuen Andrew, Mr. Sit Fung Shuen Victor and Mr. Toh Hock Ghim as independent non-executive directors.

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

Website of FKL: <http://www.fdgkinetic.com>