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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)

SUBSCRIPTION FOR SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 28 April 2017 (after trading hours), the Company entered into the Subscription Agreement to conditionally allot and issue 1,500,000,000 Subscription Shares to the Subscriber (or its permitted nominee) for HK\$0.33 per Subscription Share.

The 1,500,000,000 Subscription Shares represent approximately 6.70% of the issued share capital of the Company as at the date of this announcement, and approximately 6.28% of the issued share capital of the Company as enlarged by allotment and issue of the Subscription Shares, assuming that no new Shares of the Company have been issued between the date of this announcement and the date of such allotment and issue.

The gross proceeds for the allotment and issue of the Subscription Shares at the Subscription Price will be HK\$495,000,000. The net proceeds is estimated to be HK\$494,700,000.

The Subscriber covenants not to dispose of any of the Subscription Shares until after the first anniversary of the date of such allotment and issue.

The Subscription Shares will be allotted and issued under the general mandate granted on 26 August 2016 at the annual general meeting of the Company.

Shareholders and investors should note that the allotment and issue of the Subscription Shares is subject to the fulfilment of the conditions precedent set out in this announcement, and to exercise caution when dealing in Shares as such allotment and issue of the Subscription Shares may or may not be completed.

The Board is pleased to announce that on 28 April 2017 (after trading hours), the Company entered into the Subscription Agreement to conditionally allot and issue 1,500,000,000 Subscription Shares to the Subscriber (or its permitted nominee) for HK\$0.33 per Subscription Share.

THE SUBSCRIPTION AGREEMENT

Date

28 April 2017 (after trading hours)

Parties

- (1) The Company as issuer of the Subscription Shares; and
- (2) The Subscriber as subscriber for the Subscription Shares

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subscription Shares

The 1,500,000,000 Subscription Shares represent approximately 6.70% of the issued share capital of the Company as at the date of this announcement, and approximately 6.28% of the issued share capital of the Company as enlarged by allotment and issue of the Subscription Shares, assuming that no new Shares of the Company have been issued between the date of this announcement and the date of such allotment and issue.

The Subscription Shares will, when allotted and issued, rank pari passu amongst themselves in all respects, and with all other Shares in issue at the time of allotment and issue of the Subscription Shares.

The Subscription Price

The Subscription Price of HK\$0.33 per Subscription Share represents:

- (a) a discount of approximately 8.33% to the closing price of HK\$0.36 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (b) a discount of approximately 10.57% to the average closing price of HK\$0.369 per Share as calculated using the closing prices quoted on the Stock Exchange for the last five (5) trading days up to and including the date of the Subscription Agreement;
- (c) a discount of approximately 6.25% to the average closing price of HK\$0.352 per Share as calculated using the closing prices quoted on the Stock Exchange for the last ten (10) trading days up to and including the date of the Subscription Agreement; and
- (d) a discount of approximately 2.65% to the average closing price of HK\$0.339 per Share as calculated using the closing prices quoted on the Stock Exchange for the last thirty (30) trading days up to and including the date of the Subscription Agreement.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Subscriber by reference to the recent market price of the Shares, the trading performance of the Shares and current market conditions. The Directors, including all the independent non-executive Directors, are of the view that the Subscription Price is fair and reasonable and in the interests of the Company and its shareholders as a whole.

The gross proceeds for the allotment and issue of the Subscription Shares at the Subscription Price will be HK\$495,000,000. Based on the net proceeds of approximately HK\$494,700,000, the net price per Subscription Share to the Company is approximately HK\$0.33.

Based on the closing price of HK\$0.36 per Share on 28 April 2017, the date of the Subscription Agreement, the Subscription Shares have a market value of HK\$540,000,000 and an aggregate nominal value of HK\$15,000,000.

Conditions Precedent

Completion of the allotment and issue of the Subscription Shares will be conditional on the fulfilment of the following conditions:

- (a) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares on the Stock Exchange and such permission and listing not subsequently being revoked prior to the delivery of definitive share certificate representing the Subscription Shares; and
- (b) the representations, warranties and undertakings given by the Company and the Subscriber in the Subscription Agreement remaining true and accurate in all material respects.

Neither conditions precedent may be waived. If the above conditions precedent are not fulfilled one month from the date of the Subscription Agreement or such later date as may be agreed between the Company and the Subscriber, then the Subscription Agreement will lapse and become null and void, and the parties thereto will be released from all obligations thereunder except in respect of any antecedent breach.

Completion

Completion of the allotment and issue of the Subscription Shares shall take place on the fifth Business Day immediately after the date on which both conditions precedent set out above have been satisfied or such other date as may be agreed between the Company and the Subscriber.

Moratorium

The Subscriber covenants not to dispose of any of the Subscription Shares until after the first anniversary of the date of such allotment and issue.

EFFECT ON SHAREHOLDING STRUCTURE

The table below shows the shareholding structure of the Company (1) as at the date of this announcement; and (2) immediately following the completion of the allotment and issue of the Subscription Shares assuming that no new Shares of the Company are issued between the date of this announcement and the date of such allotment and issue:

	As at the date of this announcement		Immediately following the completion of the allotment and issue of the Subscription Shares	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Subscriber	-	-	1,500,000,000	6.28%
Mr. Cao Zhong ^(Note 1)	2,657,859,998	11.87%	2,657,859,998	11.12%
CITIC Group Corporation ^(Note 2)	2,474,896,124	11.05%	2,474,896,124	10.36%
Mr. Miao Zhenguo ^(Note 3)	1,970,551,043	8.80%	1,970,551,043	8.25%
Others	15,295,169,943	68.28%	15,295,169,943	63.99%
Total	22,398,477,108	100.00%	23,898,477,108	100.00%

Notes:

- (1) Mr. Cao Zhong, an executive director, the chairman and chief executive officer of the Company, holds a total of 2,657,859,998 Shares, including 2,311,059,998 Shares held by Long Hing International Limited and 340,000,000 Shares held by Champion Rise International Limited, both of which are his wholly-owned investment holding companies.
- (2) CITIC Group Corporation is deemed to be interested in 2,474,896,124 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 of which CITIC International Financial Holdings Limited owns 40%. CITIC International Financial Holdings Limited is 100% owned by China CITIC Bank Corporation Limited which, in turn, is over 60% owned by CITIC Limited through its wholly-owned subsidiaries. Star Mercury Investments Ltd. is a wholly-owned subsidiary of Smooth Way Holdings Inc. which, in turn, is wholly-owned by CITIC Pacific Limited.

CITIC Limited owns 100% of CITIC Pacific Limited. CITIC Group Corporation owns 58.13% of CITIC Limited through its wholly-owned subsidiaries, CITIC Polaris Limited and CITIC Glory Limited.

- (3) Mr. Miao Zhenguo, an executive director and the deputy chairman of the Company, holds 1,806,301,043 Shares through Union Ever Holdings Limited and 164,250,000 Shares through Infinity Wealth International Limited, both of which are his wholly-owned investment holding companies.

GENERAL MANDATE

The Subscription Shares will be allotted and issued under the general mandate granted on 26 August 2016 at the annual general meeting of the Company. As of the date of this announcement, the Board remain authorised to allot and issue up to 4,478,872,621 Shares under such general mandate.

LISTING APPLICATION

Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Subscription Shares on the Stock Exchange.

EQUITY FUND RAISING IN THE PAST TWELVE MONTHS

On 25 August 2016, pursuant to a subscription agreement entered into between the Company and Advanced Lithium Electrochemistry (Cayman) Co., Ltd. on 14 April 2016, (i) a total of 430,000,000 new Shares of the Company were issued and allotted at a price of HK\$0.50 per Share under the general mandate to issue Shares granted at the Company's annual general meeting held on 28 August 2015; and (ii) zero coupon convertible bonds due 2021 in the principal amount of HK\$275,000,000 was issued.

The net proceeds of approximately HK\$488.5 million from the issuance of 430,000,000 new Shares and zero coupon convertible bonds due 2021 were intended to be used for repaying some of the Group's debts, support the development of its listed subsidiary, FDG Kinetic Limited (if required) and as general working capital of the Group. All of such net proceeds have been utilised, as to approximately HK\$350 million was used for funding to support the development of FDG Kinetic Limited, approximately HK\$58 million was used to repay certain borrowings of the Group and approximately HK\$80.5 million was used for the general working capital of the Group.

Save as disclosed above, the Company has not carried out any equity fund raising activities in the twelve months period immediately before the date of this announcement.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Group is a vertically integrated electric vehicle manufacturer which primarily engages in (i) independent research and development, design and production of electric vehicles such as buses, coaches, mid-size buses, commercial vehicles, passenger vehicles and other special purpose models; (ii) the research and development, production, distribution and sale of lithium-ion batteries; (iii) the research and development, production, distribution and sale of cathode materials for lithium-ion battery; and (iv) the provision of leasing services for electric vehicles. The Group operates electric vehicles manufacturing plants in Hangzhou and Kunming in the PRC and also operates battery manufacturing plants in Tianjin and Jilin in the PRC. The Group's cathode materials production plant is located in Chongqing in the PRC. The Directors consider that the subscription represents an opportunity to strengthen the capital base, improve the financial position and broaden the shareholder base of the Company. The Company intends to apply the net proceeds from the allotment and issue of the Subscription Shares, estimated at HK\$494,700,000, for supporting the development of its electric vehicle business, repayment of some of the Group's debts and as general working capital of the Group.

The Directors, including all the independent non-executive Directors, are furthermore of the view that the terms and conditions for the allotment and issue of the Subscription Shares, including the Subscription Price, are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Shareholders and investors should note that the allotment and issue of the Subscription Shares is subject to the fulfilment of the conditions precedent in this announcement, and to exercise caution when dealing in Shares as such allotment and issue of the Subscription Shares may or may not be completed.

DEFINITIONS

In this announcement, the following definitions expressions have the meanings set out below unless the context otherwise requires:

“Board”	the board of Directors;
“Business Day”	any day (excluding Saturday and Sunday) on which banks are generally open for banking business in Hong Kong;
“Company”	FDG Electric Vehicles Limited, a company incorporated under the laws of 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 to it under the Listing Rules;
“Director(s)”	director(s) of the Company;
“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 PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, which excludes Hong Kong, the Macao Special Administrative Region and Taiwan;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	IoT United Systems Limited, a company incorporated in Hong Kong with limited liability;

“Subscription Agreement”	the conditional subscription agreement dated 28 April 2017 entered into by the Company with the Subscriber as more particularly described in this announcement;
“Subscription Price”	HK\$0.33, being the subscription price per Subscription Share;
“Subscription Share(s)”	1,500,000,000 new Shares to be allotted and issued to the Subscriber (or its permitted nominee) under the Subscription Agreement; and
“trading day”	any day on which the Stock Exchange is open for the business of dealing in securities.

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

Hong Kong, 28 April 2017

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

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