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EvDynamics

Ev Dynamics (Holdings) Limited

科軒動力（控股）有限公司

*(Formerly known as China Dynamics (Holdings) Limited
中國動力(控股)有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 476)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE
FURTHER INVESTMENT IN THE TARGET COMPANY
AND INVOLVING THE ISSUE OF
CONSIDERATION SHARES UNDER GENERAL MANDATE**

INTRODUCTION

The Board is pleased to announce that on 29 July 2021 (after trading hours), the Company entered into the Subscription Agreement with the Target Company, pursuant to which the Company has conditionally agreed to subscribe for a further 6,459 Subscription Shares of the Target Company, representing approximately 10.18% of the enlarged share capital of the Target Company, at the Consideration of EUR5,000,000 (equivalent to approximately HK\$45,848,191). The Consideration shall be satisfied by the Company to allot and issue 254,712,175 Consideration Shares at the Issue Price of HK\$0.18 per Consideration Share to the Target Company upon Completion. The Consideration Shares will be allotted and issued pursuant to the General Mandate.

As at the date of this announcement, the Company holds 2,698 shares of the Target Company representing approximately 4.73% of the issued share capital of the Target Company as a result of the Previous Subscription conducted in April 2021. For details of the Previous Subscription, please refer to the announcement of the Company dated 30 April 2021.

Upon Completion, when aggregated with the Previous Subscription Shares, the Company will hold a total of 9,157 shares of the Target Company, representing approximately 14.43% of the enlarged share capital of the Target Company.

LISTING RULES IMPLICATIONS

As the Subscription and the Previous Subscription are related and are expected to complete within a 12-month period, the Subscription and the Previous Subscription are aggregated pursuant to Rule 14.22 of the Listing Rules as if they were one transaction. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Subscription, when aggregated with the Previous Subscription, exceed 5% but does not exceed 25%, the Subscription constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under the Listing Rules. The Consideration Shares will be issued under the General Mandate and therefore the issue of the Consideration Shares will not subject to Shareholders' approval.

Completion of the Subscription is subject to the satisfaction of the conditions precedent under the Subscription Agreement. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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As at the date of this announcement, the Company holds 2,698 shares of the Target Company representing approximately 4.73% of the issued share capital of the Target Company as a result of the Previous Subscription conducted in April 2021. For details of the Previous Subscription, please refer to the announcement of the Company dated 30 April 2021.

THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are summarized as follows.

Date

29 July 2021 (after trading hours)

Parties

- (1) the Target Company; and
- (2) the Company.

To the best of knowledge, information and belief of the Board and after making all reasonable enquiries, the Target Company and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

Subject Matter

Pursuant to the Subscription Agreement, the Target Company conditionally agrees to issue and the Company conditionally agrees to subscribe 6,459 Subscription Shares of the Target Company (representing 10.18% of the enlarged share capital of the Target Company). Upon Completion, when aggregated with the Previous Subscription Shares, the Company will hold a total of 9,157 shares of the Target Company, representing approximately 14.43% of the enlarged share capital of the Target Company.

Consideration

The Consideration payable by the Company under the Subscription Agreement is EUR5,000,000 (equivalent to approximately HK\$45,848,191), which shall be satisfied by the Company to allot and issue 254,712,175 Consideration Shares at the Issue Price of HK\$0.18 per Consideration Share to the Target Company upon Completion.

The Consideration was arrived at after arm's length negotiations among the parties to the Subscription Agreement and was determined with reference to, including but not limited to: (i) the business and development prospects of the Target Company; and (ii) the reasons for the Subscription as mentioned in the section headed "Reasons for and benefits of the Subscription" below.

Conditions precedent

The Completion is conditional upon:

- (a) the passing of the resolution(s) of the Board approving the allotment and issue of the Consideration Shares, including but not limited to the approval to utilize the General Mandate and that the General Mandate is sufficient for the allotment and issue of the Consideration Shares;
- (b) the representations, warranties and undertakings given by the Target Company are remaining true and accurate in all material respects and are not misleading;

- (c) the Stock Exchange having granted or agreed to grant the listing of and permission to deal in the Consideration Shares; and
- (d) all other necessary waivers, consents and approvals (if required) from the relevant governmental or regulatory authorities in Hong Kong and Germany for the Subscription Agreement and the transactions contemplated hereunder having been obtained and fulfilled.

None of the conditions specified above could be waived. In the event any of the conditions shall not have been fulfilled by 5:00 p.m. (Hong Kong time) on 13 August 2021 (or such other time and date as may be agreed in writing by the Company), all rights, obligations and liabilities of the parties thereto shall cease and determine and neither party shall have any claim against the other, save for any antecedent breaches of the Subscription Agreement.

Completion

Completion shall take place at 3:00 p.m. (Hong Kong time) on the Completion Date after satisfaction of all of the conditions precedent (or such other date as the Company may agree in writing).

CONSIDERATION SHARES

The Consideration Shares will be allotted and issued at the Issue Price, credited as fully paid. The Consideration Shares, when allotted and issued, shall rank pari passu in all respects of the Shares in issue on the date of the allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, on the record date which falls on or after the date of such allotment and issue.

The Consideration Shares represent approximately 2.93% of the issued share capital of the Company as at the date of this announcement and approximately 2.84% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming there is no other change in the issued share capital of the Company other than the issue of the Consideration Shares from the date of this announcement up to the Completion Date). The aggregate nominal value of the Consideration Shares will be HK\$2,547,121.75.

Issue Price

The Issue Price represents:

- (a) a premium of approximately 44.00% to the closing price of HK\$0.125 per Share as quoted on the Stock Exchange on 28 July 2021, being the last trading day prior to the date of the Subscription Agreement;
- (b) a premium of approximately 36.36% to the average closing price of HK\$0.132 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Subscription Agreement; and
- (c) a premium of approximately 34.33% to the average closing price of HK\$0.134 per Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to the date of the Subscription Agreement.

The Issue Price of HK\$0.18 per Consideration Share was arrived at after arm's length negotiations among the parties to the Subscription Agreement after taking into account the prevailing trading price of the Shares and current market conditions. The Directors consider that the Issue Price is fair and reasonable.

Application for listing

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

GENERAL MANDATE

The Consideration Shares will be allotted and issued under the General Mandate. Under the General Mandate, the Company is authorised to issue up to 1,370,978,640 new Shares. Since the date of the last annual general meeting on 31 August 2020 and up to and including the date of this announcement, 684,160,000 Shares have been allotted and issued pursuant to the General Mandate and the remaining new Shares that can be allotted and issued pursuant to the General Mandate is 686,818,640 new Shares. Accordingly, the General Mandate is sufficient for the allotment and issue of the Consideration Shares and the allotment and issue of the Consideration Shares is not subject to the Shareholders' approval.

CHANGES IN SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement and prior to the Completion; and (ii) immediately upon Completion and the allotment and issue of the Consideration Shares (assuming there is no other change in the shareholding structure of the Company before the allotment and issue of the Consideration Shares):

Shareholders	As at the date of this announcement and prior to Completion		Immediately upon Completion and the allotment and issue of the Consideration Shares	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Mr. Cheung Ngan (<i>Note 1</i>)	720,624,959	8.28	720,624,959	8.04
Entrust Limited (<i>Note 2</i>)	982,727,510	11.29	982,727,510	10.97
HK Guoxin Investment Group Limited (<i>Note 3</i>)	740,000,000	8.50	740,000,000	8.26
The Target Company	-	-	254,712,175	2.84
Public Shareholders	<u>6,263,114,331</u>	<u>71.93</u>	<u>6,263,114,331</u>	<u>69.89</u>
Total	<u>8,706,466,800</u>	<u>100.00</u>	<u>8,961,178,975</u>	<u>100.00</u>

Note 1: Mr. Cheung Ngan is the chairman and executive director of the Company. The 720,624,959 Shares of which 498,038,559 Shares is held by Mr. Cheung Ngan and 222,586,400 Shares is held by Faith Profit Holding Limited. Mr. Cheung Ngan holds 100% interest in Faith Profit Holding Limited. Accordingly, Mr. Cheung Ngan is deemed to be interested in those Shares by virtue of the SFO.

Note 2: Entrust Limited is controlled as to 34% by Mr. Chan Tok Yu, 25% by Ms. Chan Hoi Ying, 25% by Mr. Chan Hin Yeung and 16% by Ms. Siu Kwan. Ms. Chan Hoi Ying is the executive director of the Company. Mr. Chan Tok Yu's interest is held by Ms. Siu Kwan as a trustee. Accordingly, Mr. Chan Tok Yu and Ms. Siu Kwan are deemed to be interested in those Shares by virtue of the SFO.

Note 3: The Shares of 740,000,000 is held by HK Guoxin Investment Group Limited, which was wholly owned by Mr. Li Feng Mao. Accordingly, Mr. Li Feng Mao is deemed to be interested in those Shares by virtue of the SFO.

INFORMATION OF THE GROUP

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company consist of investment holding, development of new energy business and trading of metals and minerals.

INFORMATION ON THE TARGET COMPANY

The Target Company, Quantron AG, is a limited company incorporated in Germany in 2019. Quantron AG is principally engaged in e-mobility in inner-city and regional passenger and freight transport. As at the date of this announcement, the Target Company is beneficially owned as to 4.73% by the Company, as to 7.52% by other investors and as to 87.75% by Mr. Andreas Haller, a German citizen, who is the managing partner of Haller GmbH & Co. KG, a German company specialises in the service, maintenance and distribution of commercial vehicles and buses since 1882.

The Target Company specialises in the electrification of used and existing vehicles. The Target Company offers a wide spectrum of new e-commercial vehicles based on the requirements and needs of its customers, which ranges from electric vans and e-buses to electric heavy-duty tractor units. The Target Company also provides logistics services, battery solutions, and comprehensive consulting services.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquires, the Target Company and its ultimate beneficial owners are independent of, and not connected with, the Company and any of its connected persons as defined in the Listing Rules.

Financial information of the Target Company

Set out below is the financial information of the Target Company for the period from 5 June 2019 (date of incorporation) to 31 December 2019 and year ended 31 December 2020:

	For the period from 5 June 2019 (date of incorporation) to 31 December 2019	For the year ended 31 December 2020
	<i>EUR'000</i>	<i>EUR'000</i>
	(audited)	(unaudited)
Revenue	86	2,224
Net loss before taxation	(816)	(2,898)
Net loss after taxation	(817)	(2,898)

The unaudited net liabilities of the Target Company as at 31 December 2020 was approximately EUR3,263,000 (equivalent to approximately HK\$30,672,000).

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company consist of investment holding, development of new energy business and trading of metals and minerals.

With the favourable policies and market trend of electrification of passenger and freight transport, the Target Company has continued to receive substantial purchase orders and service quotations from customers. By becoming a shareholder of the Target Company, the Target Company will source e-platform and e-vehicles components from the Group in the future for meeting the demand from its customers.

Since the Previous Subscription, the Company has successfully obtained orders through the Target Company in Europe for our 12-meter electric bus and 12-meter hydrogen bus, which are expected to be delivered in the second half of 2021. As the demand for electric buses and vehicles in Europe is growing strongly, the Company expects to receive a steady stream of orders following the successful deliveries of these buses.

As such, the Board considers that the prospect of the Target Company is promising and the Subscription will bring along synergy effect to the Company. As a result, the Group continued to proceed with the Subscription for further collaboration opportunities.

The business collaboration among the Group and the Target Company improves information and resources sharing to achieve faster growth and more market coverage. The Subscription is a milestone in the strategic growth as a major industrial endeavour of the Group to expand the global setup for production, engineering, marketing, sales and services.

The Target Company is enabling full technical service and support for all products of the Company. Together with the network of Target Company in Europe with over 700 service partners, the collaboration maximises the synergies between the Company and Target Company, in terms of sharing technical knowhow and respective market coverage.

Leveraging on the business network and experience of the Target Company in Europe, the Target Company will explore opportunity with the Group in jointly developing light and medium e-delivery trucks that the Subscription represents a good opportunity for the Group to expand into light and medium e-delivery trucks market in Europe.

The Group and the Target Company have also agreed to jointly develop zero emission electrify transport vehicles, hydrogen bus and logistic vehicles. The products and services will be designed and engineered by the Target Company, which is well developed in Germany and Europe, where the Group will manufacture the vehicles. Furthermore, the Company and Target Company will evaluate strategic partnerships with fuel cell technology companies in the future.

Taking into account of the above, the Directors are of the view that the terms of the Subscription Agreement are fair and reasonable and the entering into the Subscription Agreement is in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the Subscription and the Previous Subscription are related and are expected to complete within a 12-month period, the Subscription and the Previous Subscription are aggregated pursuant to Rule 14.22 of the Listing Rules as if they were one transaction. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Subscription, when aggregated with the Previous Subscription, exceed 5% but does not exceed 25%, the Subscription constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under the Listing Rules.

Completion of the Subscription is subject to the satisfaction of the condition precedent under the Subscription Agreement. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

“Board”	the board of Directors
“Company”	Ev Dynamics (Holdings) 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: 476)
“Completion”	Completion of the Subscription pursuant to the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration of EUR5,000,000 (equivalent to approximately HK\$45,848,191) for the subscription of the Subscription Shares under the Subscription Agreement
“Consideration Shares”	an aggregate of 254,712,175 Shares at an issue price of HK\$0.18 per new Share as settlement of the Consideration
“Director(s)”	the director(s) of the Company

“EUR”	Euros, the lawful currency of the member states of the European Union
“Founder”	Mr. Andreas Haller, a German citizen and the beneficial owner of the Target Company as at the date of this announcement
“Founder Group”	the Founder and Haller Holding
“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 31 August 2020
“Group”	the Company and its subsidiaries
“Haller Holding”	Haller Vermögensverwaltungs GmbH, a limited company to be registered with the commercial register of the commercial court of Augsburg, Germany, which will be wholly-owned by the Founder
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Price”	HK\$0.18 per Consideration Share
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Previous Subscription”	the subscription of the Previous Subscription Shares in the Target Company by the Company pursuant to an investment agreement made between the Company, the Target Company and the Founder Group dated 30 April 2021. Details of which are set out in the announcement of the Company dated 30 April 2021
“Previous Subscription Shares”	2,698 shares of the Target Company subscribed by the Company under the Previous Subscription
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Company pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 29 July 2021 entered into between the Company and the Target Company in relation to the Subscription
“Subscription Shares”	6,459 shares with a notional value of EUR1.00 per share to be issued by the Target Company, representing approximately 10.18% of the enlarged share capital of the Target Company

“Target Company” Quantron AG, a company incorporated in Germany with limited liability and wholly owned as to 4.73% by the Company, as to 7.52% by other investors and as to 87.75% by the Founder as at the date of this announcement

“%” per cent

For illustration only, amounts in EUR have been translated into HK\$ at the exchange rate of EUR1 = HK\$9.1696.

For and on behalf of the Board
Ev Dynamics (Holdings) Limited
Cheung Ngan
Chairman

Hong Kong, 29 July 2021

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Cheung Ngan, Mr. Miguel Valldecabres Polop and Ms. Chan Hoi Ying, and three independent non-executive Directors, namely Mr. Chan Francis Ping Kuen, Mr. Hu Guang and Dato' Tan Yee Boon.