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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)

APPOINTMENT OF FINANCIAL ADVISOR

The Company is pleased to announce that on 26 August 2021, the Company has entered into the Mandate Letter with Boustead Securities pursuant to which the Company has agreed to appoint Boustead Securities as its exclusive U.S. NASDAQ financial advisor in connection with the Transactions.

The terms and conditions of the Transactions will be subject to further negotiation among the Company, Boustead Securities and other professional parties as well as the preparation of definitive documentation. When such terms and conditions are determined, the Company will issue announcement(s) and comply with the relevant applicable disclosure, shareholders' approval and other requirements of the Listing Rules.

The terms of the Transactions will also be subject to and contingent upon, among other things, regulatory approvals from the Stock Exchange and other governing bodies, investor interest, market conditions, the Group's business, future prospects, and current and projected financial condition.

The Board wishes to emphasise that no binding agreement in relation to the terms and conditions of the Transactions has been entered into as at the date of this announcement. The Transactions will be subject to, among other things, the execution and completion of the formal definitive agreements, the obtaining of approvals from the relevant authorities in respect of the listing of and permission to deal in securities of the Company, and the final decisions of the Company. Shareholders and potential investors of the Company should be aware that there is no assurance that the Transactions will take place or as to when they may take place. Shareholders and potential investors of the Company should therefore exercise caution when dealing in or investing in the securities of the Company.

This announcement is made by Ev Dynamics (Holdings) Limited (the “**Company**” and its subsidiaries, collectively the “**Group**”) pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

THE MANDATE LETTER

Date

26 August 2021

Parties

- (a) the Company; and
- (b) Boustead Securities, LLC (“**Boustead Securities**”). To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of Boustead Securities and its ultimate beneficial owners is an Independent Third Party.

Appointment

The Company is pleased to announce that on 26 August 2021, the Company has entered into a mandate letter (“**Mandate Letter**”) with Boustead Securities pursuant to which the Company has agreed to appoint Boustead Securities as its exclusive U.S. NASDAQ financial advisor in connection with corporate finance activities including the proposed initial public offering of shares of the Company in the U.S. to be applied for dual listing on NASDAQ (the “**Transactions**”). The terms and conditions of the Transactions will be subject to further negotiation among the Company, Boustead Securities and other professional parties as well as the preparation of the definitive documentation. When such terms and conditions are determined, the Company will issue announcement(s) and comply with the relevant applicable disclosure, shareholders’ approval and other requirements of the Listing Rules. The terms of the Transactions will also be subject to and contingent upon, among other things, regulatory approvals from the Stock Exchange and other governing bodies, investor interest, market conditions, the Group’s business, future prospects, and current and projected financial condition.

Fees and Expenses

Pursuant to the Mandate Letter, the Company agrees to pay Boustead Securities, among others, the following:

- (a) a success fee, payable upon the successful completion of each and any Transaction:
 - (i) in cash, equal to 7% of the gross amount to be disbursed to the Company from each such Transaction closing; plus
 - (ii) a non-accountable expense allowance equal to 1% of the gross amount to be disbursed to the Company from each such Transaction closing; plus
 - (iii) warrants equal to 7% of the gross amount to be disbursed to the Company from each such Transaction closing, including (without limitation) shares of the Company issuable upon conversion or exercise of the securities sold in any Transaction, and in the event that warrants or other rights are issued in the Transaction, 7% of the shares issuable upon exercise of the warrants or other rights, and in the event of a debt or convertible debt financing warrants to purchase an amount of shares of the Company equal to 7% of the gross amount or facility received by the Company in a debt financing divided by the Strike Price per Share.

The term “Strike Price per Share”, being the warrant exercise price, means the lower of:

- (i) the fair market value price per share of the Company’s common stock as of each such Transaction closing date;
 - (ii) the price per share paid by investors in each respective Transaction;
 - (iii) in the event that securities convertible are sold in the Transaction, the conversion price of such securities; or
 - (iv) in the event that warrants or other rights are issued in the Transaction, the exercise price of such warrants or other rights;
- (b) capped accountable expenses, to be reimbursed by the Company to Boustead Securities when invoiced for all of its reasonable out-of-pocket expenses in connection with the performance of its services, regardless whether the Transactions occurs, including the following:
 - (i) underwriters’ legal counsel fees;
 - (ii) due diligence and other expenses incurred prior to completion of the Transaction, reimbursable to the Company to the extent not actually incurred;

- (iii) road show, travel, platform on-boarding fees, and other reasonable out-of-pocket accountable expenses, reimbursable to the Company to the extent not actually incurred; and
 - (iv) background checks on the Company's officers, directors and major shareholders;
- (c) warrants to be issued by the Company to Boustead Securities due and payable upon closing of each Transaction. The warrants will:
- (i) be transferable in accordance with FINRA rules and SEC regulations;
 - (ii) be exercisable from the date of issuance and for a term of five years;
 - (iii) be non-callable and non-cancelable with immediate piggy-back registration rights, so that they are registered in the F-1 registration statement to be filed by the Company for its IPO;
 - (iv) not contain a cashless exercise provision; the warrant holder may only exercise the warrants through payment of the exercise price in cash;
 - (v) have standard exercise price adjustments provisions for stock dividends, splits and/or consolidation but will not have anti-dilution provisions; and
 - (vi) contain such other terms and conditions no less favorable to Boustead Securities than the term and conditions of any warrants issued to the participants in the Transaction.

For the sake of clarity and in an abundance of caution, the warrant holder will not be entitled to require the Company to settle the exercise of the warrants through payment of cash by the Company to the holder, net of the exercise price, in lieu of issuing any warrant shares.

Escrow

The Company shall establish and maintain an SEC compliant offering deposit or escrow account with a Boustead Securities affiliate for the closing of any pre-IPO Transaction or IPO, as applicable. The cash management fees for the offering deposit account shall be 0.50% of the gross pre-IPO financing proceeds.

Term

The term of the Mandate Letter will expire upon the later of (a) 18 months from the date Boustead Securities receives an executed copy of the Mandate Letter from the Company; or (b) 12 months from the completion date of the IPO; or (c) the mutual written agreement of the Company and Boustead Securities which may be extended for additional 6 month periods under the same terms and conditions by mutual written agreement of the Company and Boustead Securities. Upon the termination or expiration of the Mandate Letter, the Company shall pay Boustead Securities any and out-of-pocket accountable expenses incurred up to the date thereof.

In addition, upon termination or expiration of the Mandate Letter, Boustead Securities shall be entitled to a success fee(s), as described above, if the Company completes a Transaction with a party, including the investors in the pre-IPO, post-IPO and IPO financings, introduced by Boustead Securities to the Company prior to such termination or expiration, during the 12 month period following the termination or expiration of the Mandate Letter.

Underwriting

It is the intent of Boustead Securities and the Company to enter into an underwriting agreement with each other immediately prior to the date that the SEC shall declare the Company's Form F-1 registration statement for the IPO to be effective. Boustead Securities will act as lead underwriter for the IPO on a firm commitment basis and reserves the right to bring in such other co-managers and selected dealers for the offering as it shall determine who shall be reasonably acceptable to the Company. The underwriting agreement and related agreements shall contain such terms and conditions as are customarily contained in agreements of such character.

INFORMATION OF THE GROUP AND THE FINANCIAL ADVISOR

The principal activity of the Company is investment holding. The principal activities of the Group consist of investment holding, development of new energy business and trading of metals and minerals. Since 2014, the Company has emerged as a leading pioneer manufacturer in electric drivetrain and vehicle networking. It is an integrated driving and logistics solutions provider with the field of lightweight automotive body design and new energy platform power system. The first logs of electric vehicles ("EV") produced by the Company have been delivered to its overseas customers and positive feedback has been received. The Group is now accelerating its pace of overseas market expansion and is expected to receive further sizable orders for its EV from overseas customers in the near future.

It is anticipated that additional working capital will be required by the Group for the development of its EV business and general working capital. The Board has considered various ways of raising funds and are of the view that the appointment of Boustead Securities in connection with the proposed Transactions represent an attractive opportunity to drive greater market participation and liquidity for the Company's shareholders, increase its base of U.S. retail and institutional investors, attract analyst coverage, and ultimately enhance shareholder value over the near and long term. The Board believes that the proposed Transactions will elevate the Group's profile in the global investment community and increase awareness of the Group's ongoing global deployments of advanced EV technologies.

To the best of the knowledge, information and belief having made all reasonable enquiries, Boustead Securities is a US-based FINRA Broker/Dealer and middle-market investment bank. Boustead Securities is one of the operating units on the financial services platform of Boustead & Company Limited which in turn is a diversified and comprehensive non-bank financial institution with offices in Los Angeles, New York, San Francisco, Washington, D.C., London, Beijing and other cities that is rapidly expanding in growth markets throughout the U.S. and Asia. Through its principals and fully licensed subsidiaries, Boustead & Company Limited possesses rich experience and exceptional capabilities in capital markets deal execution and provides best-in-class one-stop financial services to clients.

The Directors consider that the terms of the Mandate Letter have been negotiated on an arm's length basis and on normal commercial terms which are fair and reasonable and the transactions of the provision of financial advisory services contemplated under the Mandate Letter are in the interests of the Company and its shareholders as a whole. The Directors also consider that the appointment of Boustead Securities as financial advisor for the proposed Transactions would help the Company to secure the interests of the institutional and private investors and fund managers in the U.S., which will help the establishment of a solid, diversified and professional shareholder base of the Company which would be beneficial to the Company.

The Board wishes to emphasise that no binding agreement in relation to the terms and conditions of the Transactions has been entered into as at the date of this announcement. The Transactions will be subject to, among other things, the execution and completion of the formal definitive agreements, the obtaining of approvals from the relevant authorities in respect of the listing of and permission to deal in securities of the Company, and the final decisions of the Company. Shareholders and potential investors of the Company should be aware that there is no assurance that the Transactions will take place or as to when they may take place. Shareholders and potential investors of the Company should therefore exercise caution when dealing in or investing in the securities of the Company.

DEFINITIONS

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

“Board”	: the board of Directors
“Director(s)”	: the director(s) of the Company
“FINRA”	: the Financial Industry Regulatory Authority of the U.S.
“Hong Kong”	: the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	: an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholders (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates
“IPO”	: the initial public offering of the Company’s shares in the U.S.
“Listing Rules”	: the Rules Governing the Listing of Securities on the Stock Exchange
“SEC”	: the U.S. Securities and Exchange Commission
“Stock Exchange”	: The Stock Exchange of Hong Kong Limited
“U.S.”	: The United States of America
“US\$”	: U.S. dollars, the lawful currency of the U.S.
“%”	: per cent.

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

Hong Kong, 26 August 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 two independent non-executive Directors, namely Mr. Chan Francis Ping Kuen and Dato’ Tan Yee Boon.