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EvDynamics

Ev Dynamics (Holdings) Limited

科軒動力（控股）有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 476)

POSSIBLE ISSUE OF CONVERTIBLE NOTES

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board is pleased to announce that after trading hours on 11 January 2022, the Company entered into a non-legally binding Indicative Term Sheet with the Subscriber pursuant to which the Subscriber intends to subscribe and the Company intends to issue the Convertible Notes in the principal amount up to HK\$600 million.

The Board wishes to emphasize that no definitive agreement in relation to the issue of the Convertible Notes has been entered into as at the date of this announcement. As the issue of the Convertible Notes may or may not proceed, Shareholders and potential investors of the Company are urged to exercise caution when dealing in the Shares and securities of the Company.

NON-LEGALLY BINDING INDICATIVE TERM SHEET

The Board is pleased to announce that after trading hours on 11 January 2022, the Company entered into a non-legally binding Indicative Term Sheet with the Subscriber pursuant to which the Subscriber intends to subscribe and the Company intends to issue the Convertible Notes in the principal amount up to HK\$600 million. The principal terms of the non-legally binding Indicative Term Sheet are summarized as follows:

Principal terms of the Indicative Term Sheet and the Convertible Notes

- Parties involved : (i) The Company as the issuer; and
- (ii) Advance Opportunities Fund and/or group of funds through its nominated manager as the Subscriber
- To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are independent of and not connected with the Company or any of its directors, chief executive, substantial shareholders or subsidiaries or any of their respective associates (as defined in the Listing Rules).
- Securities : 2% redeemable structured convertible notes convertible into common shares of the Company
- Principal amount : The Convertible Notes of up to HK\$600 million will be issued in three tranches:
- (i) the principal amount of the first tranche being HK\$200 million with 40 equal sub-tranches of HK\$5 million each (the **"First Tranche"**);
- (ii) the principal amount of the second tranche being HK\$200 million with 40 equal sub-tranches of HK\$5 million each (the **"Second Tranche"**); and
- (iii) the principal amount of the third tranche being HK\$200 million with 20 equal sub-tranches of HK\$10 million each (the **"Third Tranche"**).
- Closing date : First closing date: the completion of the drawdown for first sub-tranche of the First Tranche (the **"First Closing Date"**);
- Second closing date: the completion of the drawdown for first sub-tranche of the Second Tranche; and
- Third closing date: the completion of the drawdown for first sub-tranche of the Third Tranche.
- Method of issue : The Convertible Notes will be privately placed to and purchased by the Subscriber. No offering circular or information memorandum will be issued by the Company for the proposed placement of the Convertible Notes.
- Tenure : 36 months from the First Closing Date.

Conversion terms : The Subscriber has the discretion anytime from and including the respective closing dates of the tranches up to the close of business on the day falling one week prior to the final maturity date, to decide on the dates to convert the Convertible Notes.

The number of Shares available for conversion under the First Tranche shall not exceed 1.8 billion Shares.

Conversion price : The Convertible Notes shall be converted into new Shares at the discretion of the Subscriber at a conversion price of 90% of the average of the closing prices per Share on any 3 consecutive business days during the 30 business days immediately preceding the relevant conversion date of the Convertible Notes. The Conversion Price should at all times be higher than the par value of the Shares.

In the event the conversion price is below the par value of the Shares, the Company shall further issue compensation in either shares or cash in such manner that the total aggregate value of cash compensation and or compensation shares issued at par is as per calculated based on conversion price.

Redemption option : The Company may redeem the Convertible Notes presented for conversion in cash at Redemption Amount (as defined below), if the conversion price is less than or equal to 65% of the daily average volume-weighted average price per share for the 45 consecutive business days period prior to, in respect of the respective closing dates.

The Redemption Amount is calculated according to the following formula:

$$N \times \{P + [8\% \times P \times (D/365)] + I\}$$

Where,

“D” is the amount of days elapsed since the respective closing date;

“N” is the amount of Convertible Notes presented for conversion;

“P” is the face value of the Convertible Notes presented for conversion; and

“I” is the remaining unpaid interest accrued on the Convertible Notes presented for conversion

Administration fee : 6% flat of the aggregate principal amounts subscribed of each sub-tranche to be paid upon drawdown of each respective sub-tranche.

Events of default : The closing price of Shares shall not be below its par value for more than 5 consecutive trading days.

- Other conditions : The Subscriber shall undertake not to hold more than 10% of the Company’s total shareholding at any point in time and from time to time without prior consent from the Company.
- Validity : The validity of the terms and conditions as set out in the Indicative Term Sheet shall be for 1 month from the issue date. The Subscriber reserves the right to change any of the terms contained herein during the validity period.
- Cancellation fee : The Company shall be liable to a cancellation fee of USD100,000 should the Company decides not to proceed after signing the related formal subscription agreement (“**Subscription Agreement**”).
- Documentation : The Convertible Notes and the Subscription Agreement shall contain terms and conditions that are mutually acceptable, and the completion of the transaction shall be subject to, among other things, approval from the Stock Exchange and/or the Shareholders, where applicable.

The Indicative Term Sheet is non-legally binding in nature and there is no binding commitment on either the Company or the Subscriber on the subject matter. The parties to the Indicative Term Sheet will be entering into a Subscription Agreement in regards to the issuance and subscription of the Convertible Notes, in which the relevant terms and conditions will be incorporated. Further announcement(s) will be made by the Company in accordance with the Listing Rules as and when appropriate.

INFORMATION ON THE SUBSCRIBER

The Subscriber is established in the Cayman Islands and is principally engaged in providing funding solutions to small and medium sized public companies in South East Asia.

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. The Group also operates a glauberite mine located in the Guangxi Zhuang Autonomous Region of the PRC (the “**Glauberite Mine**”).

As the electric vehicles produced by the Company continues to be delivered to its overseas customers, the Company is in the course of expanding its overseas market and is expected to receive further sizable orders for its electric vehicles from overseas customers in the near future. The Company shall continue to take hold of vast business opportunity in the overseas emerging market to further develop its electric vehicle business.

In addition, as disclosed in the interim report of the Company for the six months ended 30 September 2021, the Group closely monitored the Glauberite Mine development and has been in regular communication with the local government. The Group is in the course of formulating a viable and feasible plan with the local government in developing the Glauberite Mine.

As such, the Company intends to utilise the proceeds from the issue of the Convertible Notes to increase the general working capital of the Group for its existing operations, including but not limited to the development of the Glauberite Mine and its electric vehicle business, and/or future development as and when business opportunities arise.

The Directors consider the issue of the Convertible Notes, which will be issued in tranches if the Subscription Agreement materialise and subject to the previous tranches have been fully converted subsequent tranches may be issued at the discretion of the Company, offers good opportunities to raise further capital and to strengthen the financial position of the Group. Taking into account of the above, the Directors, including the independent non-executive Directors, are of the view that the terms of the Indicative Term Sheet and the possible issue of the Convertible Notes are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has conducted the following fundraising activities in the past twelve months immediately preceding the date of this announcement:

Date of initial announcement	Event	Net proceeds	Intended use of proceeds as announced	Actual use of proceeds as at the date of this announcement
14 May 2021	Placing of new Shares under general mandate	Approximately HK\$46.8 million	(i) the development of the electric vehicle business of the Group, in particular in overseas; and (ii) general working capital of the Group	Fully utilised as intended
8 March 2021	Subscription of new Shares under general mandate	Approximately HK\$38.9 million	(i) general working capital for the settlement of administrative expense; and (ii) the development of electric vehicle business of the Group	Fully utilised as intended

GENERAL

The Board wishes to emphasize that no Subscription Agreement in relation to the issue of the Convertible Notes has been entered into as at the date of this announcement. The issue of the Convertible Notes is subject to further negotiations and execution of the Subscription Agreement and the issue of the Convertible Notes may or may not be subject to Shareholders' approval. As the issue of the Convertible Notes may or may not proceed, Shareholders and potential investors of the Company are urged to exercise caution when dealing in the Shares and securities of the Company.

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)
“Convertible Notes”	2% redeemable structured convertible notes convertible into Shares
“Director(s)”	the 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 People's Republic of China
“Indicative Term Sheet”	indicative term sheet dated 11 January 2022 entered into between the Company and the Subscriber in relation to the proposed issue of the Convertible Notes
“Listing Rules”	the Rules Governing the Listing of Securities of the Stock Exchange
“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
“Subscriber”	Advance Opportunities Fund and/or group of funds through its nominated manager
“Subscription Agreement”	the legally binding formal agreement to be entered into by the Company and the Subscriber in respect of the issue by the Company and the subscription by the Subscriber the Convertible Notes pursuant to the Indicative Term Sheet
“%”	per cent

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

Hong Kong, 11 January 2022

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, Dato’ Tan Yee Boon and Mr. Lee Kwok Leung.