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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)**

**SUBSCRIPTION AGREEMENT  
IN RELATION TO  
(1) ISSUE OF CONVERTIBLE NOTES UNDER GENERAL  
MANDATE; AND  
(2) POSSIBLE ISSUE OF CONVERTIBLE NOTES  
UNDER SPECIFIC MANDATE**

**THE SUBSCRIPTION AGREEMENT**

The Board is pleased to announce that after trading hours on 14 June 2022, the Company entered into the Subscription Agreement with the Subscribers pursuant to which the Subscribers agreed to subscribe and the Company agreed to issue the Convertible Notes in the aggregate principal amount of up to HK\$600 million at the Note Issue Price, subject to the respective conditions precedent.

The Convertible Notes comprise three (3) equal tranches of a nominal value of HK\$200 million each. The Tranche 1 Notes will be issued by the Company under the General Mandate, whereas the Tranche 2 Notes and Tranche 3 Notes will be issued at the discretion of the Company under Specific Mandate in accordance with the terms and conditions of the Subscription Agreement if materialises. Each of the Tranche 1 and Tranche 2 Notes shall comprise 40 equal sub-tranches of HK\$5 million each and the Tranche 3 Notes shall comprise 20 equal sub-tranches of HK\$10 million each.

The maximum number of Conversion Shares convertible under the Tranche 1 Notes shall be 1,800,000,000 Conversion Shares (or such other number as the Company and the Subscribers may agree in writing), representing approximately 19.98% of the issued share capital of the Company as at the date of this announcement and approximately 16.65% of the issued share capital of the Company as enlarged by the issue of the Maximum T1 Conversion Shares upon conversion of the Tranche 1 Notes.

The maximum number of Conversion Shares convertible under the Tranche 2 Notes and Tranche 3 Notes is 1,400,000,000 Conversion Shares and 1,000,000,000 Conversion Shares respectively, representing approximately 26.64% of the issued share capital of the Company as at the date of this announcement and approximately 18.17% of the issued share capital of the Company as enlarged by the issue of the Maximum T1 Conversion Shares and Maximum T2 & T3 Conversion Shares upon conversion of the Tranche 1 Notes, Tranche 2 Notes and Tranche 3 Notes respectively.

### **LISTING RULES IMPLICATIONS**

Pursuant to Rule 13.36(1)(a) of the Listing Rules, the issue of the Convertible Notes carrying the right to convert into Conversion Shares is subject to approval by the Shareholders.

The Conversion Shares convertible under the Tranche 1 Notes will be issued under the General Mandate. Accordingly, the allotment and issue of the Conversion Shares under the Tranche 1 Notes is not subject to further Shareholders' approval. As at the date of this announcement, no Shares have been issued by the Company under the general mandate granted by the Shareholders to the Directors at the annual general meeting of the Company held on 20 August 2021 to allot, issue and deal with up to 20% of the then issued share capital of the Company.

If the Options are exercised during the Option Period, the Company will convene a separate general meeting to seek the approval of the Shareholders on the transactions contemplated under the each of the Tranche 2 Notes and the Tranche 3 Notes, including the allotment and issue of the relevant Conversion Shares upon the exercise of the Conversion Right in respect of each of the Tranche 2 and Tranche 3 Notes.

**Completion of the Subscription is conditional upon, among other things, the listing of, and the permission to deal in the Conversion Shares being granted by the Stock Exchange. As such, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealings in the Shares.**

Reference is made to the announcement of the Company dated 11 January 2022 in relation to the Indicative Term Sheet in relation to the proposed issuance of the Convertible Notes.

## **SUBSCRIPTION AGREEMENT**

The Board is pleased to announce that after trading hours on 14 June 2022, the Company entered into the Subscription Agreement with the Subscribers pursuant to which the Subscribers agreed to subscribe and the Company agreed to issue the Convertible Notes in the aggregate principal amount of up to HK\$600 million at the Note Issue Price, subject to the respective conditions precedent.

### **Principal terms of the Subscription Agreement**

The principal terms of the Subscription Agreement are summarised as follows:

Issuer:               The Company

Subscribers:       AOF and AOF I

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, the Subscribers and their ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

### **The Subscription**

The Subscribers agreed to subscribe and the Company agreed to issue the Convertible Notes in the aggregate principal amount of up to HK\$600 million, subject to the respective conditions precedent. The Convertible Notes comprise three (3) equal tranches of a nominal value of HK\$200 million each as follows:

- (i) the principal amount of the first tranche being HK\$200 million in 40 equal sub-tranches of HK\$5 million each (“**Tranche 1 Notes**”);
- (ii) the principal amount of the second tranche being HK\$200 million in 40 equal sub-tranches of HK\$5 million each (“**Tranche 2 Notes**”); and
- (iii) the principal amount of the third tranche being HK\$200 million in 20 equal sub-tranches of HK\$10 million each (“**Tranche 3 Notes**”).

### *Tranche 1 Notes*

Subject to the terms and conditions of the Subscription Agreement, the Company agreed to issue and the Subscribers agreed to subscribe for Tranche 1 Notes under General Mandate at the Note Issue Price (being the amount equivalent to 100% of the principal amount of each sub-tranche of the Convertible Notes). The first five (5) sub-tranches of Tranche 1 Notes shall be issued and subscribed for on the fifth Business Day immediately after the last of the conditions precedent in respect of Tranche 1 Notes is fulfilled (or such later date as the parties may agree in writing). The subsequent sub-tranches of Tranche 1 Notes shall be issued and subscribed for on the fifth Business Day after the Conversion Date in respect of the last of the Convertible Notes comprised in the immediately preceding sub-tranche of Tranche 1 Notes (or such later date as the parties may agree in writing). Notwithstanding the above, the parties agreed that in respect of each subsequent sub-tranche of Tranche 1 Notes (other than the first five (5) sub-tranches of Tranche 1 Notes), the Subscribers shall be entitled at any time prior to full conversion of the preceding sub-tranche (at their election) to subscribe for each such subsequent sub-tranche notwithstanding the last Tranche 1 Note comprised in the immediately preceding sub-tranche has yet to be converted by jointly issuing a notice of allocation between Subscribers to the Company in respect of such sub-tranches; and the company shall be obliged to issue each such sub-tranche on or before the fifth Business Day on receipt of such written request issued by the Subscribers or such other date as the parties may mutually agree in writing.

### *Tranche 2 Notes and Tranche 3 Notes*

Subject to the terms and conditions of the Subscription Agreement, the Subscribers irrevocably granted the Company the Options in respect of each of Tranche 2 Notes and Tranche 3 Notes to require the Subscribers to subscribe for first sub-tranche of Tranche 2 Notes and first sub-tranche of Tranche 3 Notes under Specific Mandate at the Note Issue Price during the relevant Option Period.

The exercise of the Options and the subsequent issue and subscription of Tranche 2 Notes and Tranche 3 Notes therefrom is subject to certain conditions precedent, including the approval of the Shareholders to be obtained at a general meeting of the Company for the issue of Tranche 2 Notes and Tranche 3 Notes as well as the allotment and issue of the Maximum T2 & T3 Conversion Shares (as defined below).

If the Company exercises the Options, the Company shall be obliged to issue and the Subscribers shall be obliged to subscribe the first sub-tranche of Tranche 2 Notes and Tranche 3 Notes on the fifth Business Day following the date of the exercise notice (or such later date as the parties may agree in writing) at the Note Issue Price. The subsequent sub-tranches of Tranche 2 Notes and Tranche 3 Notes shall be issued and subscribed for on the fifth Business Day after the Tranche 2 Conversion Date and the Tranche 3 Conversion Date respectively in respect of the immediately preceding sub-tranche of Tranche 2 Notes and Tranche 3 Notes respectively (or such other date as the parties may agree in writing). Notwithstanding the above, the parties agreed that in respect of each subsequent sub-tranche of Tranche 2 Notes and Tranche 3 Notes (other than the first sub-tranches of Tranche 2 Notes and Tranche 3 Notes), the Subscribers shall be entitled at any time prior to full conversion of the preceding sub-tranche (at their election) to subscribe for each such subsequent sub-tranche notwithstanding the last Convertible Note comprised in the immediately preceding sub-tranche has yet to be converted by jointly issuing a notice of allocation between Subscribers to the Company in respect of such sub-tranches; and the company shall be obliged to issue each such sub-tranche on or before the fifth Business Day on receipt of such written request issued by the Subscribers or such other date as the parties may mutually agree in writing.

If the Company does not exercise the Options during the relevant Option Period, the Options in respect of the subsequent sub-tranches of Tranche 2 Notes and Tranche 3 Notes shall lapse.

For the avoidance of doubt, the Tranche 1 Notes will be issued by the Company under the General Mandate, whereas the Tranche 2 Notes and Tranche 3 Notes will be issued at the discretion of the Company as illustrated above under Specific Mandate if materialises.

### **Maximum Subscribers Shares**

Pursuant to the Subscription Agreement, each of the Subscribers agreed whether individually or together with any other person that, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with it/them, to not hold more than 10% of the Company's total shareholding at any point in time and from time to time (the "**Maximum Subscribers Shares**") without prior written approval of the Company.

For illustration purpose, as at the date of the Subscription Agreement, there are 9,009,678,975 ordinary shares issued by the Company, hence 900,967,897 Conversion Shares shall be the maximum number of Conversion Shares which may be issued and held by the Subscribers at any point of time and from time to time unless otherwise increased pursuant to the terms of the Subscription Agreement.

In the event of stock splits, consolidation and/or reclassification of the Shares, the Maximum Subscribers Shares may be adjusted, subject to (i) mutual agreement in writing between the Subscribers and the Company; (ii) receipt of all necessary regulatory approval including but not limited to approval from the Stock Exchange; and (iii) receipt of Shareholders' approval.

### **Maximum T1 Conversion Shares**

The maximum number of Conversion Shares convertible under the Tranche 1 Notes shall be 1,800,000,000 Conversion Shares (or such other number as the Company and the Subscribers may agree in writing) ("**Maximum T1 Conversion Shares**"), representing approximately 19.98% of the issued share capital of the Company as at the date of this announcement and approximately 16.65% of the issued share capital of the Company as enlarged by the issue of the Maximum T1 Conversion Shares upon conversion of the Tranche 1 Notes, which may be issued pursuant to the exercise of Conversion Right in respect of any sub-tranches of the Tranche 1 Notes pursuant to the Subscription Agreement.

The Maximum T1 Conversion Shares shall be subject to adjustments in the event of stock splits, consolidation and/or re-classification of the Shares. The Maximum T1 Conversion Shares may be adjusted, subject to (i) mutual agreement in writing between the parties; (ii) receipt of all necessary regulatory approval including but not limited to approval from the Stock Exchange; and (iii) receipt of Shareholders' approval.

In the event the Maximum T1 Conversion Shares have been fully issued, and there remains immediately thereafter unsubscribed sub-tranches of Tranche 1 Notes, (i) the Company shall not be obliged to issue, nor shall the Subscribers be obliged to subscribe and pay for any such unsubscribed sub-tranches of Tranche 1 Notes and which shall be deemed to have lapsed; and (ii) the Option Period in respect of Tranche 2 Notes shall be deemed to commence, upon which the Company may exercise the Options to subscribe for the first sub-tranche of Tranche 2 Notes in accordance to the Subscription Agreement.

### **Maximum T2 & T3 Conversion Shares**

The first sub-tranche of Tranche 2 Notes and first sub-tranche of Tranche 3 Notes will be issued at the discretion of the Company as illustrated above if materialise. The maximum number of Conversion Shares convertible under the Tranche 2 Notes and Tranche 3 Notes shall be 1,400,000,000 Conversion Shares and 1,000,000,000 Conversion Shares respectively (the "**Maximum T2 & T3 Conversion Shares**"), which may be issued pursuant to the exercise of Conversion Right in respect of any sub-tranches of the Tranche 2 Notes and Tranche 3 Notes pursuant to the Subscription Agreement.

The Maximum T2 & T3 Conversion Shares shall be subject to adjustments in the event of stock splits, consolidation and/or re-classification of the Shares. The Maximum T2 & T3 Conversion Shares may be adjusted, subject to (i) mutual agreement in writing between the parties; (ii) receipt of all necessary regulatory approval including but not limited to approval from the Stock Exchange; and (iii) receipt of Shareholders' approval.

### **Conditions precedent to the completion of the Tranche 1 Notes**

The completion of the Tranche 1 Notes is subject to the following conditions:

- (a) on the date of the Subscription Agreement, there shall have been delivered to the Subscribers, a list setting out the names of the substantial shareholders of the Company (as defined under the Listing Rules) dated the date of the Subscription Agreement, in such form and substance reasonably satisfactory to the Subscribers, which is certified to be true and accurate as at that date;
- (b) on or before the Closing Date of the Tranche 1 Notes, the Company has a valid and subsisting General Mandate for the allotment and issue of Tranche 1 Notes and for the Maximum T1 Conversion Shares upon the exercise of the Conversion Rights in respect of the Tranche 1 Notes, and the approval shall not have been amended, withdrawn, revoked or cancelled on or before each of the Closing Date of the Tranche 1 Notes;
- (c) the Stock Exchange having granted or agreed to grant the listing of and permission to deal in the Conversion Shares in respect of the Tranche 1 Notes and such approval and permission not subsequently being revoked or withdrawn on or before each of the Closing Date of the Tranche 1 Notes;
- (d) (i) all the representations, warranties, undertakings and covenants of the Company including the warranties shall be accurate and correct in all respects at, and as if made on, the Closing Date of Tranche 1 Notes; (ii) the Company shall have performed all of its undertakings or obligations hereunder to be performed on or before the Closing Date of Tranche 1 Notes; and (iii) there shall have been delivered to the Subscribers a certificate, dated as at the Closing Date of the first five (5) sub-tranches of Tranche 1 Notes, certified to be true and correct by two directors or a director with the company secretary of the Company, to such effect;

- (e) all other necessary approvals, consents and waivers (including any governmental, regulatory and/or corporate approvals and consents), for the transactions contemplated under the Subscription Agreement (in particular but without limitation the issue by the Company and the subscription by the Subscribers of the Tranche 1 Notes, including any Shareholders or directors' approval and other regulatory and/or corporate approvals and consents required by the Subscribers) having been obtained in form and substance satisfactory to the Subscribers (in the reasonable opinion of the Subscribers) and remaining valid and subsisting as at the Closing Date of the Tranche 1 Notes; and
- (f) there shall have been delivered to the Subscribers, each in form and substance satisfactory to the Subscribers certified on or dated, as the case may be, on the Closing Date of the first five (5) sub-tranches of Tranche 1 Notes:
  - (i) the documents as listed in the Subscription Agreement, including but not limited to the annual reports, list of indebtedness and shareholding structure of the Company;
  - (ii) a legal opinion from the legal adviser of the Company in relation to Hong Kong laws, as shall be acceptable to the Subscribers;
  - (iii) certified true copies of (1) the resolutions of the directors of the Company; (2) the General Mandate; and (3) the listing approval from the Stock Exchange (all duly certified by a director or a company secretary of the Company), approving the issue of the Tranche 1 Notes and the allotment and issue of the Conversion Shares in respect of the Tranche 1 Notes in accordance with the terms of the Subscription Agreement;
  - (iv) certified true copies of the relevant approvals (all duly certified by a director or a company secretary of the Company); and
  - (v) such other documents, opinions and certificates as the Subscribers may reasonably require in relation to the Tranche 1 Notes issuance.

The Subscribers may at its discretion jointly waive compliance with the whole or any part of the above conditions which are capable of being waived at any time, provided always that any such waiver as aforesaid shall be without prejudice to the Subscribers' right to elect to treat any further or other such breach, failure or event as releasing and discharging it from its obligations to subscribe for the Convertible Notes as aforesaid.

For the avoidance of doubt, conditions (b), (c), (d) and (e) above are not capable of being waived.

If any of the conditions precedent above are not satisfied or jointly waived by the Subscribers, if capable of being waived, on or before the Fulfilment Date in respect of the first five (5) sub-tranches of Tranche 1 Notes, the Subscribers shall inform the Company of the unfulfillment of the conditions precedents in writing and the Subscription Agreement shall cease and the parties shall be released and discharged from their respective obligations thereunder except for (a) the liability of the Company for the payment of relevant costs and expenses; (b) the indemnity obligations of the Company; and (c) any antecedent breaches.

**Conditions to each of the respective completion of the Tranche 2 Notes and Tranche 3 Notes (other than the Tranche 1 Notes)**

The completion of the Tranche 2 Notes and Tranche 3 Notes (other than the Tranche 1 Notes) are subject to the following conditions:

- (a) the Company shall within two (2) Business Days from the date of the relevant announcement on the Stock Exchange, serve to the Subscribers via electronic communications, a copy of the circular issued by the Company in regards to seeking Shareholders' approval for the issuance of Tranche 2 Notes and Tranche 3 Notes and allotment and issue of the Conversion Shares in accordance with the terms of the Subscription Agreement;
- (b) the approvals of Shareholders obtained by the Company at a general meeting of the Company for the invitation for subscription, or the issue, of the Tranche 2 Notes and Tranche 3 Notes and the allotment and the issue of the Conversion Shares in accordance with the terms of the Subscription Agreement and all other matters in relation thereto and in connection therewith, shall remain effective and not have been amended, withdrawn, revoked, rescinded or cancelled and, where such approvals are obtained subject to any conditions and/or amendments, such conditions and/or amendments being acceptable to the Subscribers, and to the extent that any such conditions are required to be fulfilled on or before each subsequent Closing Date, they are fulfilled;
- (c) the Stock Exchange having granted or agreed to grant the listing of and permission to deal in the Conversion Shares in respect of Tranche 2 Notes and Tranche 3 Notes and such approval and permission not subsequently being revoked or withdrawn;

- (d) all relevant approvals for the transactions contemplated under the Subscription Agreement, obtained by the Company shall not have been amended, withdrawn, revoked, rescinded or cancelled on or prior to each subsequent Closing Date and, where such approvals were obtained subject to any conditions and/or amendments, such conditions and/or amendments being acceptable to the Subscribers, and to the extent that any such conditions are required to be fulfilled on or before each subsequent Closing Date, they are fulfilled;
- (e) at each subsequent Closing Date, (i) all the representations, warranties, undertakings and covenants of the Company including the warranties set out in the Subscription Agreement shall be accurate and correct in all respects at, and as if made on, that Closing Date; (ii) the Company shall have performed all of its undertakings or obligations hereunder to be performed on or before that Closing Date; and (iii) there shall have been delivered to the Subscribers a certificate, dated as at that Closing Date, certified to be true, to such effect;
- (f) all other necessary approvals, consents and waivers (including any governmental, regulatory and/or corporate approvals and consents), for the transactions contemplated under the Subscription Agreement (in particular but without limitation the issue by the Company and the subscription by the Subscribers of the Convertible Notes, including any Shareholders or directors' approval and other regulatory and/or corporate approvals and consents required by the Subscribers) having been obtained in form and substance satisfactory to the Subscribers in its sole and absolute discretion and remaining valid and subsisting as at each subsequent Closing Date; and
- (g) there shall have been delivered to the Subscribers, each in form and substance satisfactory to the Subscribers certified on or dated, as the case may be, on that Closing Date:
  - (i) the documents as listed in the Subscription Agreement, including but not limited to the annual reports, list of indebtedness and shareholding structure of the Company; and
  - (ii) such other documents, opinions and certificates as the Subscribers may reasonably require.

The Subscribers may at its discretion jointly waive compliance with the whole or any part of the above conditions which are capable of being waived at any time, provided always that any such waiver as aforesaid shall be without prejudice to the Subscribers' right to elect to treat any further or other such breach, failure or event as releasing and discharging it from its obligations to subscribe for the Convertible Notes as aforesaid. For the avoidance of doubt, conditions (b), (c), (d), (e) and (f) are not capable of being waived.

If any of the conditions precedent above are not satisfied or jointly waived by the Subscribers, if capable of being waived, on or before the applicable Closing Date in respect of such Tranche 2 Notes or Tranche 3 Notes, the Subscribers shall have the right to (a) fix a new Closing Date in respect of such Tranche 2 Notes or Tranche 3 Notes; or (b) elect not to proceed with completion of the subscription of such Tranche 2 Notes or Tranche 3 Notes; or (c) terminate the Subscription Agreement, in which event, the Subscribers shall inform the Company of the unfulfillment of the conditions precedents in writing and this Agreement shall cease and the parties shall be released and discharged from their respective obligations under the Subscription Agreement, except for (i) the liability of the Company for the payment of relevant costs and expenses; (ii) any outstanding interest (if any); (iii) the indemnity obligations of the Company; and (iv) any antecedent breaches.

### **Representations, warranties, undertakings and covenants by the Company**

Pursuant to the Subscription Agreement, the Company represents, warrants, undertakes and covenants to and with the Subscribers among other things that:

- (i) it has, prior to the Closing Date of Tranche 1 Notes, obtained a valid and subsisting General Mandate for the allotment and issuance of the Tranche 1 Notes and for the Maximum T1 Conversion Shares upon the exercise of the Conversion Rights in respect of those Convertible Notes, such Maximum T1 Conversion Shares being sufficient assuming full conversion of the Tranche 1 Notes in accordance with the conditions of the Subscription Agreement and the issue of those Convertible Notes;
- (ii) it shall, prior to the issue of the Tranche 2 Notes and Tranche 3 Notes and in any event no later than the Fulfilment Date, use its reasonable endeavour to obtain the approval of the Board and the Shareholders at the special general meeting for:

- (a) the subscription or issue of the Tranche 2 Notes and Tranche 3 Notes;
- (b) the allotment and issue of the Conversion Shares upon the exercise of the Conversion Rights in respect of the Tranche 2 Notes and Tranche 3 Notes, up to the number of Maximum T2 & T3 Conversion Shares; and
- (c) all other matters in relation thereto and in connection therewith, do all such acts and things and execute and file all such documents as may be required,

Where any of such approvals set out in (ii) above were obtained subject to any conditions, such conditions being acceptable to the Subscribers, and to the extent in this regard, to keep the Subscribers duly and promptly informed of the progress of such acts and things in writing including the delivery of all such documents where applicable, to the Subscribers;

- (iii) it shall, prior to the issue of the Convertible Notes and in any event no later than the Fulfilment Date, obtain all necessary approvals, consents and/or waivers (as the case may be) of all requisite regulatory authorities (including the Stock Exchange) in respect of:
  - (a) the subscription or issue of the Tranche 1 Notes, Tranche 2 Notes and Tranche 3 Notes (as the case may be);
  - (b) the allotment and issue of the Conversion Shares upon the exercise of the Conversion Rights in respect of the Tranche 1 Notes, Tranche 2 Notes and Tranche 3 Notes (as the case may be);
  - (c) the listing of and permission to deal in, the Conversion Shares following the conversion of Tranche 1 Notes, Tranche 2 Notes and Tranche 3 Notes (as the case may be) on the Stock Exchange; and
  - (d) such other matters in relation to and in connection therewith.

## **Representations and warranties by the Subscribers**

Each of the Subscribers agree among other things that there will be no conversion of the Convertible Notes by the Subscribers (i) to transfer a controlling interest in the Company such that the Subscribers becomes a controlling shareholder of the Company within the ambit of the Listing Rules without the prior approval of the Shareholders at a general meeting; (ii) they shall not hold more than 30% interest (or such other amount as may from time to time be specified in the Codes on Takeovers and Mergers and Share Buy-Backs of Hong Kong as being the level that would trigger a mandatory general offer) in the total number of issued shares (and/or voting power at general meetings) of the Company, at any time and from time to time without the prior approval of the Company; and (iii) such that the Company will be in breach of the minimum public float requirement stipulated under Rule 8.08 of the Listing Rules.

## **Termination**

The Subscribers may by notice in writing to the Company, terminate the Subscription Agreement at any time before the time on the relevant Closing Date when payment by the Subscribers would otherwise be due, in any of the following circumstances:

- (i) the Maximum T2 & T3 Conversion Shares have been fully issued; or
- (ii) there shall have come to the notice of the Subscribers any breach of, or any event rendering untrue or incorrect in any material respect, any of the representations, warranties, undertakings and covenants set forth in the Subscription Agreement including any of the warranties or the failure to perform any of the Company's undertakings or obligations under the Subscription Agreement; or
- (iii) if any of the conditions precedent specified above has not been satisfied to the satisfaction of the Subscribers (acting reasonably) or waived by the Subscribers, as the case may be; or
- (iv) for failure to delivery required documents to the Subscribers and/or failure to fulfil the conditions precedents set out above; or
- (v) if:
  - (a) there shall have been any change, or any development involving a prospective change, in the condition, financial or otherwise, or in the earnings, business or operations, or affecting the properties, of the Company or any of its Subsidiaries and which materially and adversely affects the Company or the Company and its Subsidiaries, taken as a whole, to perform its obligations under the Subscription Agreement and the Convertible Notes; or

- (b) there shall have been an imposition of a new legal or regulatory restriction (in each case, whether or not having the force of law but, if not having the force of law, compliance with which is in accordance with the general practice of persons to whom the directive is addressed) not in effect on the date hereof, or any change in the interpretation of existing legal or regulatory restrictions (in each case, whether or not having the force of law but, if not having the force of law, compliance with which is in accordance with the general practice of persons to whom the directive is addressed), that materially and adversely affects the ability of the Company or the Company and its Subsidiaries, taken as a whole, to perform its obligations under the Subscription Agreement, or the offering, sale or delivery of the Convertible Notes or the Conversion Shares which in the Subscribers' reasonable opinion would not be acceptable. The Subscribers may waive this clause at its sole discretion; or
- (vi) an event of default shall have occurred in respect of any notes, debentures, bonds or other similar securities of the Company or any Subsidiary issued and outstanding and/or has affected the Company's ability to comply with its obligations under the Subscription Agreement; or
- (vii) there shall have been a suspension of, or material limitation of, trading of any shares of the Company by the Main Board of the Stock Exchange for five (5) consecutive Business Days save for suspension caused by administrative or technical error not due to the Company or trading halts made at the request of the Company for corporate announcement(s) or circular(s) pending clearance by the Stock Exchange or other regulatory or governmental bodies; or
- (viii) there shall have been a delisting or an order for delisting or a threatened delisting of the Company from the Main Board of the Stock Exchange; or
- (ix) an event of default under the Subscription Agreement has occurred and is continuing; or
- (x) any of the approvals, consents or waivers obtained by the Company are amended, withdrawn, revoked, rescinded or cancelled prior to the relevant Closing Date for each sub-tranche of the Convertible Notes (other than the first five (5) sub-tranches of Tranche 1 Notes) or, where any of such approvals, consents or waivers were obtained subject to any conditions which were required to be fulfilled on or before each such applicable Closing Date, they were not fulfilled; or
- (xi) there is a default in any payment by the Company pursuant to the terms and conditions of the Convertible Notes and such default is not remedied by the Company within seven (7) Business Days from the due date of such payment.

## **Cancellation fee**

A cancellation fee of US\$50,000 is payable to each Subscriber in the event that the Subscription Agreement is terminated for any reason whatsoever prior to the Closing Date of the first five (5) sub-tranches of Tranche 1 Notes, except in a case where the necessary authority's approvals, consents and waivers for the transactions contemplated under the Subscription Agreement are not obtained prior to the Closing Date of the first five (5) sub-tranches of Tranche 1 Notes.

## **Administration fee**

An administration fee of 6.0% of the aggregate nominal value subscribed of each sub-tranche of the Convertible Notes is payable to ACP, or such other party as may be jointly notified by the Subscribers on each Closing Date of each sub-tranche of the Convertible Notes. The fee shall be deducted by the Subscribers directly from the subscription moneys payable to the Company for the subscription of each sub-tranche of the Convertible Notes.

## **Application for listing**

No application will be made by the Company for the listing of the Convertible Notes on the Stock Exchange.

The Company shall make an application to the Stock Exchange for the listing of, and the permission to deal in, the Maximum T1 Conversion Shares. If the Options are exercised during the Option Period, application(s) will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares under each of the Tranche 2 Notes and Tranche 3 Notes.

## **PRINCIPAL TERMS OF THE CONVERTIBLE NOTES**

**Securities** : 2% redeemable structured convertible notes convertible into common shares of the Company.

**Principal amount** : Up to HK\$600 million divided into three (3) equal tranches of a nominal value of HK\$200 million each, namely:

- (a) Tranche 1 Notes in the principal amount of HK\$200 million comprising 40 equal sub-tranches of HK\$5 million each;

- (b) Tranche 2 Notes in the principal amount of HK\$200 million comprising 40 equal sub-tranches of HK\$5 million each; and
- (c) Tranche 3 Notes in the principal amount of HK\$200 million comprising 20 equal sub-tranches of HK\$10 million each.

The Tranche 1 Notes will be issued by the Company under the General Mandate, whereas the Tranche 2 and Tranche 3 Notes will be issued at the discretion of the Company under Specific Mandate if materialises.

- Maturity date** : The date falling thirty-six (36) months from the closing date of the first sub-tranche of Tranche 1 Notes.
- Interest** : 2% per annum, payable semi-annually in cash in arrears on 30 June and 31 December in each year.
- Conversion terms** : The Convertible Notes must be converted into Shares.

The Subscriber has the discretion anytime from and including the respective issuance and registration of the tranches up to the close of business on the day falling seven (7) calendar days prior to the Maturity Date, to decide on the dates to convert the Convertible Notes, provided that (i) the number of Maximum T1 Conversion Shares and Maximum T2 & T3 Conversion Shares available for conversion have not been reached; and (ii) there has been no occurrence of any event of default.

In the event the Maximum T1 Conversion Shares or the Maximum T2 & T3 Conversion Shares (as the case may be) have been reached, the Noteholder shall issue a written notice to the Company (the “**Redemption Notice**”) and the Company shall redeem the outstanding Convertible Notes that are not capable of being converted in cash at 115% of its nominal value, which shall be paid to the Noteholder within five (5) Business Days of the Company’s receipt of the Redemption Notice.

**Conversion Date** : Tranche 1 conversion date means in respect of each sub-tranche of Tranche 1 Notes, the conversion date of the last of the Notes comprised in such sub-tranche, where the holder thereof elects to exercise the Conversion Right in respect of such last note comprised in such sub-tranche of Tranche 1 Notes ("**Tranche 1 Conversion Date**");

Tranche 2 conversion date means in respect of each sub-tranche of Tranche 2 Notes, the Conversion Date of the last of the Notes comprised in such sub-tranche, where the holder thereof elects to exercise the Conversion Right in respect of such last note comprised in such sub-tranche of Tranche 2 Notes ("**Tranche 2 Conversion Date**"); and

Tranche 3 conversion date means in respect of each sub-tranche of Tranche 3 Notes, the Conversion Date of the last of the Notes comprised in such sub-tranche, where the holder thereof elects to exercise the Conversion Right in respect of such last note comprised in such sub-tranche of Tranche 3 Notes ("**Tranche 3 Conversion Date**").

**Conversion Price** : For the first five sub-tranches of the Tranche 1 Notes, the Convertible Notes shall be converted into new Shares of the Company at the discretion of the Subscriber at HK\$0.0594 (the "**Initial Conversion Price**") not lower than the Benchmarked Price.

For the remaining sub-tranches of the Tranche 1 Notes, any Tranche 2 Notes or any Tranche 3 Notes, the Convertible Notes shall be converted into new Shares of the Company at the discretion of the Subscriber at 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 "**Subsequent Conversion Price**"), provided always among other things that:

- (i) the Subsequent Conversion Price for sub-tranches 6 to 40 of Tranche 1 Notes shall not be a price which is lower than below the Benchmarked Price. If the Subsequent Conversion Price for any of the sub-tranches 6 to 40 of Tranche 1 Notes is lower than the Benchmarked Price, then the Conversion Shares is to be issued at the Initial Conversion Price;
- (ii) the Conversion Shares when issued pursuant to the conversion of any Tranche 2 Notes or any Tranche 3 Notes at the Subsequent Conversion Price does not on an-as converted basis result in a theoretical dilution of more than 25% of the enlarged share capital of the Company in accordance with Rule 7.27B of the Listing Rules;
- (iii) the Subsequent Conversion Price for any Tranche 2 Notes or any Tranche 3 Notes shall not be below the par value of the Shares ; and
- (iv) in the event the Subsequent Conversion Price is below the par value of the Shares, the Company shall:
  - (a) allot and issue to the Noteholder the number of Conversion Shares equivalent to:

$$(N \times FV) / PV$$

where:

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

“FV” is the nominal value of each Convertible Note presented for conversion; and

“PV” is the par value of the Shares.

and/or

- (b) pay the Noteholder in cash an amount equivalent to:

$$[(N \times FV) / CP - (N \times FV) / PV] \times C$$

where:

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

“FV” is the nominal value of each Convertible Note presented for conversion;

“CP” is the Conversion Price;

“PV” is the par value of the Shares; and

“C” is the closing price of the Shares on the date of conversion.

For illustrative purpose,

- (a) on the basis that (1) the Company issues and the Subscribers subscribe for the whole Tranche 1 Notes in the aggregate nominal value of HK\$200 million; and (2) such Tranche 1 Notes are fully converted to the Maximum T1 Conversion Shares at the Conversion Price of approximately HK\$0.1111 per Share, the conversion price represents a premium of approximately 88.31% to the closing price of HK\$0.059 per Share as quoted on the Stock Exchange as at the date of the Subscription Agreement;
- (b) on the basis that (1) the Company issues and the Subscribers subscribe for the whole Tranche 1 Notes in the aggregate nominal value of HK\$200 million; (2) the net proceeds of HK\$188 million; and (3) such Tranche 1 Notes are fully converted to the Maximum T1 Conversion Shares at the Conversion Price of approximately HK\$0.1111 per Share, the net issue price of the Conversion Shares under the Tranche 1 Notes is approximately HK\$0.1044 per Share, which represents a premium of approximately 76.95% to the closing price of HK\$0.059 per Share as quoted on the Stock Exchange as at the date of the Subscription Agreement;

- (c) on the basis that (1) the Company issues and the Subscribers subscribe for the whole Tranche 2 Notes in the aggregate nominal value of HK\$200 million; and (2) such Tranche 2 Notes are fully converted to the Maximum T2 Conversion Shares at the Conversion Price of approximately HK\$0.1429 per Share, the conversion price represents a premium of approximately 142.20% to the closing price of HK\$0.059 per Share as quoted on the Stock Exchange as at the date of the Subscription Agreement; and
- (d) on the basis that (1) the Company issues and the Subscribers subscribe for the whole Tranche 3 Notes in the aggregate nominal value of HK\$200 million; and (2) such Tranche 3 Notes are fully converted to the Maximum T3 Conversion Shares at the Conversion Price of approximately HK\$0.2000 per Share, the conversion price represents a premium of approximately 238.98% to the closing price of HK\$0.059 per Share as quoted on the Stock Exchange as at the date of the Subscription Agreement.

**Conversion Shares** : The Maximum T1 Conversion Shares is 1,800,000,000 Conversion Shares, representing approximately 19.98% of the issued share capital of the Company as at the date of this announcement and approximately 16.65% of the issued share capital of the Company as enlarged by the issue of the Maximum T1 Conversion Shares upon conversion of the Tranche 1 Notes.

The Maximum T2 & T3 Conversion Shares is 1,400,000,000 Conversion Shares and 1,000,000,000 Conversion Shares respectively, representing approximately 26.64% of the issued share capital of the Company as at the date of this announcement and approximately 18.17% of the issued share capital of the Company as enlarged by the issue of the Maximum T1 Conversion Shares and Maximum T2 & T3 Conversion Shares upon conversion of the Tranche 1 Notes, Tranche 2 Notes and Tranche 3 Notes respectively.

**Rights of Noteholders to participate in securities of the Company** : The Company may offer and sell any new Shares provided that, in respect of any proposed private placement of such new Shares, the Company shall offer and sell such new Shares on the same terms and conditions to the Noteholders prior to offering such new Shares to any other person.

The Company or any Subsidiary (if applicable) may offer and sell any securities convertible into securities of the same class as the Shares or securities substantially similar to the Convertible Notes (the "**Equity-linked Securities**") provided that the Company shall, and the relevant Subsidiary (if applicable) shall, offer and sell such Equity-linked Securities to the Noteholders prior to offering such Equity-linked Securities to any other person; and the Equity-linked Securities shall not be convertible into Shares at a price which is below the Benchmarked Price, unless prior written consent of the Noteholders have been obtained.

**Redemption option** : The Issuer may redeem the Convertible Notes presented for conversion in cash at the redemption amount, if the Conversion Price is less than or equal to 65% of the average daily traded VWAP per share for the 45 consecutive Business Days period prior to the relevant closing date of each first sub-tranche of the respective tranches of the Convertible Notes (the "**Conversion Downside Price**").

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 number of Convertible Notes presented for conversion;

“P” is the nominal value of each Convertible Note presented for conversion; and

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

**Adjustment to  
Conversion  
Downside Price**

- : The Conversion Downside Price will be subject to adjustments if the Company shall:
- (a) make a stock split, consolidation or reclassification of Shares into other securities of the Company;
  - (b) grant, issue or offer to the Shareholders rights or warrants entitling them to subscribe for or purchase Shares at less than 95% of the current market price per Share;
  - (c) grant, issue or offer to the Shareholders rights or warrants entitling them to subscribe for or purchase any securities convertible into or exchangeable for Shares at less than 95% of the current market price per Share;
  - (d) distribute to the Shareholders evidences of its indebtedness, Shares (other than the Conversion Shares), assets (excluding annual dividends or interim dividends) or rights or warrants to subscribe for or purchase securities (other than those rights and warrants referred to in sub-paragraphs (b) and (c) above);
  - (e) issue any securities convertible into or exchangeable for Shares (other than the Convertible Notes or in any of the circumstances described in sub-paragraph (c) above and sub-paragraph (g) below) or where such securities are issued to the vendors of assets being acquired for full value by the Company and the consideration per Share receivable by the Company shall be less than 95% of the current market price per Share;
  - (f) issue any Shares (other than Shares issued pursuant to a merger and other than Shares issued on exercise of the Conversion Right attaching to the Convertible Notes or pursuant to a scrip dividend or pursuant to an exercise of any rights attached to securities the issue of which had given rise to an adjustment under sub-paragraph (e) above or did not require any adjustment) and the consideration per Share receivable by the Company shall be less than 95% of the current market price per Share;

- (g) issue any rights or warrants to subscribe for or purchase Shares or securities convertible into or exchangeable for Shares (other than the Convertible Notes and any rights or warrants granted, issued or offered to the Shareholders or pursuant to the terms of any securities) and the consideration per Share receivable by the Company shall be less than 95% of the current market price per Share;
- (h) issue securities of a type falling within sub-paragraphs (e) to (g) above which otherwise require an adjustment to the Conversion Downside Price pursuant thereto; or
- (i) make a capital distribution which does not fall within subparagraphs (a) to (h) above.

- Events of default** : For so long as there are any Convertible Notes outstanding, if any of the following events (each, an “**Event of Default**”) occur:
- (a) for so long as there are any Convertible Notes outstanding, any of the approvals, consents and/or waivers required to be obtained by the Company under the Subscription Agreement are not obtained when it is required to be obtained or are amended, withdrawn, revoked, rescinded or cancelled;
  - (b) where any of the approvals required to be obtained by the Company under the Subscription Agreement were obtained subject to any conditions which were required to be fulfilled, such conditions were not fulfilled when it is required to be fulfilled;
  - (c) there is a default in any payment by the Company pursuant to the conditions to the Convertible Notes and such default is not remedied by the Company within seven (7) Business Days from the due date of such payment;

- (d) there is default by the Company in the performance or observance of any covenant, condition, provision or obligation (including the performance of its obligations to allot and issue Shares arising from the conversion of the Convertible Notes as and when the Noteholders exercise its Conversion Rights in accordance with the conditions to the Convertible Notes) contained in the Convertible Notes and on its part to be performed or observed (other than the covenant to pay the nominal value and interest in respect of any of the Convertible Notes) and such default continues for the period of seven (7) Business Days following the service by any Noteholder on the Company of notice requiring the same to be remedied;
- (e) any other notes, debentures, bonds or other instruments of indebtedness or any other loan indebtedness having an aggregate outstanding amount of over HK\$5 million only or the equivalent in any other currency or currencies (hereinafter collectively called "**Indebtedness**") of the Company or any of the Subsidiaries become or becomes prematurely repayable following a default in respect of the terms thereof which shall not have been remedied, or steps are taken to enforce any security therefor, or the Company or any of the Subsidiaries defaults in the repayment of any such Indebtedness at the maturity thereof or at the expiration of any applicable grace period therefor or any guarantee of or indemnity in respect of any Indebtedness of others having an aggregate outstanding amount of over HK\$5 million given by the Company or any of the Subsidiaries shall not be honoured when due and called upon;
- (f) a resolution is passed or an order of a court of competent jurisdiction is made that the Company be wound up or dissolved (otherwise than for the purposes of or pursuant to a consolidation, amalgamation, merger, reconstruction or reorganisation that is approved by the Shareholders, as the case may be, and upon which the continuing corporation effectively assumes the entire obligations of the Company, as the case may be, under the Convertible Notes);

- (g) a resolution is passed or an order of a court of competent jurisdiction is made that any Subsidiary be wound up or dissolved (otherwise than (i) for the purposes of or pursuant to a consolidation, amalgamation, merger, reconstruction or reorganisation (other than as described in (ii) below) the terms of which have previously been approved in writing by the Majority Noteholders, (ii) for the purposes of or pursuant to a consolidation, amalgamation, merger or reconstruction with or into the Company or another Subsidiary of the Company, or (iii) by way of a voluntary winding up or dissolution where there are surplus assets in such Subsidiary and such surplus assets attributable to the Company and/or any Subsidiary are distributed to the Company and/or such Subsidiary);
- (h) an encumbrancer takes possession or a receiver is appointed of the whole or a material part of the assets or undertaking of the Group;
- (i) (i) the Company or any Subsidiary without any lawful cause stops payment (within the meaning of any applicable bankruptcy or insolvency law) or is unable to pay its debts as and when they fall due (within the meaning of any applicable bankruptcy or insolvency law) or (ii) the Company or any Subsidiary (otherwise than for the purposes of such a consolidation, amalgamation, merger, reconstruction or reorganisation as is referred to in paragraphs (g) or (h) above) ceases or through an official action of the board of directors of the Company or any Subsidiary, as the case may be, threatens to cease to carry on its business, and such action has a material adverse effect on the Group;
- (j) proceedings shall have been initiated against the Company or any Subsidiary under any applicable bankruptcy, reorganisation or insolvency law and such proceedings have not been discharged or stayed within a period of fourteen (14) Business Days thereof;

- (k) the Company or any Subsidiary shall initiate or consent to proceedings seeking with respect to itself adjudication of bankruptcy or insolvency, or a decree of commencement of composition or reorganisation or other similar procedures, or the appointment of an administrator or other similar official under any applicable bankruptcy, reorganisation or insolvency law or make a general assignment for the benefit of, or enter into any composition with, its creditors, and such action has a material adverse effect on the Group;
- (l) a distress, execution or seizure before judgment is levied or enforced upon or sued out against a part of the property of the Company or any Subsidiary, which is material in its effect upon the operations of either the Company or such Subsidiary, as the case may be, and is not discharged within fourteen (14) Business Days thereof;
- (m) the delisting of the Shares on the Main Board of the Stock Exchange or a suspension of trading of such Shares on the Main Board of the Stock Exchange for a period of five (5) consecutive Business Days or more save for suspension caused by administrative or technical error not due to the Company or trading halts made at the request of the Company for corporate announcements or circular(s) pending clearance by the Stock Exchange or other regulatory or governmental bodies;
- (n) the ratio of borrowings to Net Worth exceeds 5 times;
- (o) the Net Worth is less than HK\$5 million;
- (p) for so long as there are any Convertible Notes outstanding the Company engages in any transaction with any hedge fund operating or originating from any part of the world; or

- (q) any credit facilities granted to the Company or any of its Subsidiaries are withdrawn, terminated or suspended for any reason whatsoever, and such action has a material adverse effect on the Group, then any Convertible Notes may, by notice in writing given to the Company by the Noteholder, be declared immediately due and payable whereupon it shall become immediately due and payable at 118% of its nominal value, together with accrued interest (the “**Default Redemption Amount**”). Interests shall accrue on the Default Redemption Amount on a daily basis at the rate of 3.0% per month (the “**Default Interest**”) commencing from the Business Day immediately following the date of the relevant notice up to and including the date on which the Noteholder receives the full payment of the Default Redemption Amount and the relevant Default Interest.

**Ranking**

- : The Convertible Note constitute direct, unconditional, unsubordinated and unsecured obligations of the Company, ranking *pari passu* and rateably without any preference among themselves and, subject as mentioned above and save as otherwise provided under any applicable laws or regulations, equally with all other unsecured obligations (other than subordinated obligations, if any) of the Company from time to time outstanding.

The Conversion Shares will rank *pari passu* in all respects with all other then existing Shares outstanding, except that such Conversion Shares shall not be entitled to any dividends, rights, allotments or other distributions, the record date of which is before the relevant Conversion Date of the Convertible Notes.

**Transferability**

- : A Convertible Note may be transferred in whole but not in part.

Any transfer of the Convertible Notes by the Noteholders to any core connected person (as defined in the Listing Rules) of the Company will be subject to the requirements (if any) that the Stock Exchange may impose from time to time.

- Voting** : The Noteholder(s) shall not be entitled to receive notice of or to attend, speak or vote at any general meetings held by the Company until the Convertible Notes held by Noteholder have been converted into Shares.
- Negative Pledge** : Neither the Company nor any of its Subsidiaries shall, for as long as any of the Convertible Notes remains outstanding, without prior written consent of the Noteholders (such written consent shall not be unreasonably withheld) create or allow the creation of any mortgage, charge, pledge or any other security interest upon the whole or any part of its property or assets, present or future, in order to secure, for the benefit of holders of any existing or future Convertible Notes issue (or to secure for the benefit of holders thereof any guarantee or indemnity or other like obligation in respect thereof) without according to the Convertible Notes at the same time, either the same security as is created or is outstanding in respect of such Convertible Notes issue (or such guarantee or indemnity or other like obligation in respect thereof) or such other security or guarantee as is not materially less beneficial to the Noteholders. To avoid doubt, this shall not be applicable to the creation of any mortgage, charge, pledge or any other security interest upon the whole or any part of the property or assets of the Company or its Subsidiaries, present or future, in order to secure, for the benefit of the Company or its Subsidiaries of any loan facilities, borrowings and/or credit facilities granted to the Company or its Subsidiaries by banks for its business operation, repayment of bank borrowings, working capital or business expansion.

## **INFORMATION ON THE SUBSCRIBERS AND ACP**

AOF is a proprietary fund established in the Cayman Islands in 2006 and is principally engaged in providing funding solutions to small and medium sized public companies in South East Asia. AOF manages its own funds and investment portfolios and invests in a variety of financial instruments, including but not limited to investing in quoted securities through private unlisted debt-to-equities convertible instruments issued by listed issuers across various jurisdictions.

AOF I is an open-ended fund incorporated as an exempted company with limited liability in the Cayman Islands in 2016. AOF I is currently managed by ZICO Asset Management Pte. Ltd. (“ZICOAM”), a holder of a capital markets services license to conduct fund management activities regulated under the Securities and Futures Act 2001 of Singapore. ZICOAM has been appointed by AOF I to serve as the discretionary investment manager of all its investments.

ACP is a company registered in Singapore and has been appointed by AOF as its authorised representative to coordinate and manage AOF’s investment in the Company. The Subscribers have also provided an authorisation notice dated 14 June 2022 appointing ACP as the recipient of the Administrative Fee until and unless otherwise instructed by the Subscribers.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, save for the proposed Subscription and the transactions contemplated thereunder, the Company, its directors and the connected persons of the Company at the Issuer level do not have any other agreement, arrangement or undertaking with the Subscribers, their respective directors and ultimate beneficial owners as at the date of this announcement.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS**

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 the Glauberite Mine located in the Guangxi Zhuang Autonomous Region of the PRC.

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 Tranche 1 Notes to increase the general working capital of the Group for its existing operations, including but not limited to the development of the electric vehicle business and the Glauberite Mine, and/or future development as and when business opportunities arise.

The net proceeds for the issuance of the Tranche 1 Notes in full (after deducting professional fees and all other expenses in relation to the Subscription) shall be approximately HK\$188 million. It is intended that the net proceeds will be utilised as follows:

<b>Intended use</b>	<b>Net proceeds from the issuance of the Tranche 1 Notes <i>HK\$ in million</i></b>	<b>Expected utilisation timeline</b>
<b>Development of the electric vehicle business</b>		
- Purchasing of raw materials for the production of vehicles	68	On or before 31 March 2024
- Research and development expenses	10	On or before 31 March 2024
- Capital expenditure on existing manufacturing plant to maintain its capacity	10	On or before 31 March 2024
<b>Development of the Glauberite Mine</b>		
- Construction of the processing plant, and acquisition of machinery and equipment	30	On or before 31 March 2024
- Working capital for the Glauberite Mine	20	On or before 31 March 2024
<b>General working capital</b>		
- Administrative expenses, including but not limited to staff cost and rental etc	42	On or before 31 March 2024
- Corporate expenses, including but not limited to legal and professional fee, annual listing fee and related listing expenses etc	8	On or before 31 March 2024
<b>Total</b>	<b>188</b>	

Pursuant to the Subscription Agreement, the Company shall be able to drawdown gross proceeds of at least HK\$25 million from the issuance of the Tranche 1 Notes, which will be applied towards the above intended use of proceeds on a pro rata basis.

The Directors consider the issue of the Tranche 1 Notes and subsequent tranches which 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 Subscription Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The Company will assess its funding needs during the Option Period to consider whether to exercise the Options in requiring the Subscribers to subscribe for the Tranche 2 Notes and Tranche 3 Notes and issue the Tranche 2 Notes and Tranche 3 Notes under the Specific Mandate if materialises. In the event the Company proceeds to exercise the Options, the Company will publish further announcement(s) and comply with the relevant requirements under the Listing Rules accordingly.

## **FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS**

The Company has not conducted any equity fundraising activity in the past twelve months immediately preceding the date of this announcement.

## **EFFECTS OF THE FULL CONVERSION OF THE CONVERTIBLE NOTES**

The shareholding structure of the Company (assuming no outstanding convertible bonds will be converted, no outstanding share options will be exercised and there is no other change in the issued share capital of the Company): (i) as at the date of this announcement; (ii) immediately after conversion in full of the Tranche 1 Notes assuming the maximum T1 Conversion Shares were issued in full; and (iii) immediately after the issuance and conversion in full of all the Convertible Notes assuming the Maximum T1 Conversion Shares and Maximum T2 & T3 Conversion Shares were issued in full, is set out below (for illustration purposes only):

	As at the date of this announcement		Immediately after conversion in full of the Tranche 1 Notes assuming the Maximum T1 Conversion Shares were issued in full		Immediately after the issuance and conversion in full of all the Convertible Notes assuming the Maximum T1 Conversion Shares and Maximum T2 & T3 Conversion Shares were issued in full	
	No. of Shares	Approximate	No. of Shares	Approximate	No. of Shares	Approximate
		%		%		%
Mr. Cheung Ngan	536,038,559	5.95	536,038,559	4.96	536,038,559	4.06
Faith Profit Holding Limited (Note 1)	222,586,400	2.47	222,586,400	2.06	222,586,400	1.69
Entrusted Limited (Note 2)	982,727,510	10.91	982,727,510	9.09	982,727,510	7.44
The Subscribers	-	-	1,800,000,000 (Note 3)	16.65 (Note 3)	4,200,000,000 (Note 3)	31.79 (Note 3)
Public Shareholders	7,268,326,506	80.67	7,268,326,506	67.24	7,268,326,506	55.02
<b>Total</b>	<b>9,009,678,975</b>	<b>100.00</b>	<b>10,809,678,975</b>	<b>100.00</b>	<b>13,209,678,975</b>	<b>100.00</b>

Notes:

1. The number of Shares of 222,586,400 was held by Faith Profit Holding Limited, which was wholly owned by Mr. Cheung Ngan.
2. Entrust Limited is controlled as to 34% by Mr. Chan Tok Yu, 25% by Ms. Chan Hoi Ying (an Executive Director of the Company), 25% by Mr. Chan Hin Yeung and 16% by Ms. Siu Kwan. 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 the shares in which Entrust Limited is interested by virtue of the SFO.
3. Assuming part of the Shares held by the Subscribers were transferred to independent third parties in the event the percentage of shares held by the Subscribers will be over 10% of the total issued shareholding of the Company at any point in time, which exceed the Maximum T1 Conversion Shares and the Maximum T2 & T3 Conversion Shares pursuant to the Subscription Agreement.

Shareholders and potential investors of the Company should note that the above table is solely for illustrative purposes only. As disclosed above in the principal terms and conditions of the Convertible Notes, each of the Subscribers agreed whether individually or together with any other person that, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with it/them, to not hold more than 10% of the Company's total shareholding at any point in time and from time to time without prior approval of the Company.

## **LISTING RULES IMPLICATIONS**

Pursuant to Rule 13.36(1)(a) of the Listing Rules, the issue of the Convertible Notes carrying the right to convert into Conversion Shares is subject to approval by the Shareholders.

The Conversion Shares convertible under the Tranche 1 Notes will be issued under the General Mandate. Accordingly, the allotment and issue of the Conversion Shares under the Tranche 1 Notes is not subject to further Shareholders' approval. As at the date of this announcement, no Shares have been issued by the Company under the general mandate granted by the Shareholders to the Directors at the annual general meeting of the Company held on 20 August 2021 to allot, issue and deal with up to 20% of the then issued share capital of the Company.

If the Options are exercised during the Option Period, the Company will convene a separate general meeting to seek the approval of the Shareholders on the transactions contemplated under the each of the Tranche 2 Notes and the Tranche 3 Notes, including the allotment and issue of the relevant Conversion Shares upon the exercise of the Conversion Right in respect of each of the Tranche 2 and Tranche 3 Notes.

**Completion of the Subscription is conditional upon, among other things, the listing of, and the permission to deal in the Conversion Shares being granted by the Stock Exchange. As such, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealings in the Shares.**

## DEFINITIONS

“ACP”	Advance Capital Partners Pte. Ltd., a company incorporated in Singapore, being the authorised representative of AOF and the appointed recipient of the administrative fee under the Subscription Agreement by the Subscribers
“AOF”	Advance Opportunities Fund, a proprietary fund established in the Cayman Islands
“AOF I”	Advance Opportunities Fund I, an open-ended fund incorporated as an exempted company with limited liability in the Cayman Islands
“Benchmarked Price”	HK\$0.0594 which has been determined in accordance with Rule 13.36(6) of the Listing Rules
“Board”	the board of Directors
“Business Day”	means a day on which banks are open for business in Hong Kong and the Stock Exchange is open for trading, ending at 5:00 pm (Hong Kong Time)
“Closing Date”	in respect of each sub-tranche of the Convertible Notes, the date on which such sub-tranche of the Convertible Notes is subscribed for and issued pursuant to the Subscription Agreement
“Company” or the “Issuer”	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)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Conversion Date”	the Tranche 1 Conversion Date, the Tranche 2 Conversion Date and the Tranche 3 Conversion Date, as the case may be
“Conversion Price”	the Initial Conversion Price and the Subsequent Conversion Price, as the case may be

“Convertible Notes”	2% redeemable structured convertible notes due 2025 with an aggregate nominal value of up to HK\$600 million and convertible into Shares to be issued by the Company pursuant to the Subscription Agreement
“Conversion Right”	the right of a Noteholder to convert any Convertible Notes
“Conversion Shares”	the new Shares to be allotted and issued by the Company upon conversion of the Convertible Notes in accordance with the Subscription Agreement and the terms and conditions of the Convertible Notes
“Director(s)”	the director(s) of the Company
“Fulfillment Date”	the date falling six (6) calendar months from the date of the Subscription Agreement, or such other date as the parties may agree in writing
“General Mandate”	the general mandate granted by the Shareholders to the Directors at the annual general meeting of the Company to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the annual general meeting
“Glauberite Mine”	a glauberite mine located in the Guangxi Zhuang Autonomous Region of the PRC operated by the Group
“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 made between the Company and Advance Opportunities Fund Group in relation to the proposed issue of the Convertible Notes
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Majority Noteholders”		the Noteholders in aggregate representing more than 50% of the total outstanding nominal value of the Convertible Notes at any time, and a “Majority Noteholder” shall be construed accordingly
“Net Worth”		the consolidated net asset value of the Company as shown in the audited consolidated accounts of the Company for the year ended 31 March 2022 and thereafter the most recent unaudited interim accounts of the Company as published on the Stock Exchange
“Noteholder(s)”		holder(s) of the Convertible Notes
“Note Price”	Issue	the amount equivalent to 100% of the principal amount of each sub-tranche of the Convertible Notes
“Options”		the option(s) granted by the Subscribers to the Company under the Subscription Agreement in respect of each of the Tranche 2 Notes and Tranche 3 Notes to require the Subscribers to subscribe for Tranche 2 Notes and Tranche 3 Notes from the Company at the Note Issue Price during the relevant Option Period
“Option Period”		(a) in respect of Tranche 2 Notes: <ul style="list-style-type: none"> <li>a. the period commencing from and including the Tranche 1 Conversion Date of the last of the Convertible Notes comprised in the last sub-tranche of Tranche 1 Notes to and including the tenth Business Day thereafter, or such other period as the parties may agree in writing; or</li> <li>b. the period commencing from and including the date of the issuance of Conversion Shares which exhausts the Maximum T1 Conversion Shares to and including the tenth Business Day thereafter, or such other period as the parties may agree in writing,</li> </ul> <p style="margin-left: 40px;">as the case may be; and</p>

(b) in respect of Tranche 3 Notes, the period commencing from and including the Tranche 2 Conversion Date of the last of the Convertible Notes comprised in the last sub-tranche of Tranche 2 Notes to and including the tenth Business Day thereafter, or such other period as the parties may agree in writing

“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)
“Specific Mandate”	the specific mandate to be sought from the Shareholders at the special general meeting of the Company to be convened and held for the purpose of approving and to grant to the Board the authority for the allotment and issue of the Tranche 2 Notes and Tranche 3 Notes if materialises
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	AOF and AOF I
“Subscription”	the subscription of the Convertible Notes by the Subscribers pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 14 June 2022 entered into between the Company and the Subscribers in relation to the Subscription
“Subsidiary(ies)”	shall have the meaning ascribed to it in the Listing Rules
“US\$”	United States dollars, the lawful currency of the United States of America

“VWAP” volume-weighted average price

“%” per cent.

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

Hong Kong, 14 June 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, Mr. Lee Kwok Leung and Dato’ Tan Yee Boon.*