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Ev Dynamics (Holdings) Limited

科軒動力(控股)有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 476)

**(1) PROPOSED CAPITAL REORGANISATION; AND
(2) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS
SHARES FOR EVERY TWO ADJUSTED SHARES HELD ON
RECORD DATE**

Financial adviser to the Company



Placing Agent



PROPOSED CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation for the purpose of reducing the par value of each Existing Share, pursuant to which:

- (i) the issued share capital of the Company will be reduced by cancelling the paid-up share capital of the Company to the extent of HK\$0.09 on each of the issued Shares such that the par value of each issued Share will be reduced from HK\$0.10 to HK\$0.01;
- (ii) the credit arising from the Capital Reduction be applied towards offsetting accumulated loss of the Company as at the effective date of the Capital Reorganisation, thereby reducing the accumulated loss of the Company; and
- (iii) immediately following the Capital Reduction, each of the authorised but unissued Shares of par value of HK\$0.10 each in the authorised share capital of the Company will be subdivided into ten (10) authorised but unissued Adjusted Shares of par value of HK\$0.01 each.

PROPOSED RIGHTS ISSUE

The Board proposes, subject to the Capital Reorganisation becoming effective, to conduct the Rights Issue on the basis of three (3) Rights Shares for every two (2) Adjusted Shares held as at the Record Date at the Subscription Price of HK\$0.095 per Rights Share, to raise up to (i) approximately HK\$132.2 million before expenses by way of issuing up to 1,391,951,844 Rights Shares (assuming there is no change in the total number of issued Shares from the date of this announcement up to and including the Record Date other than as a result of the Capital Reorganisation); or (ii) approximately HK\$144.9 million before expenses by way of issuing up to 1,525,466,844 Rights Shares (assuming there is no change in the total number of issued Shares from the date of this announcement up to and including the Record Date other than as a result of the Capital Reorganisation and the new Shares to be allotted and issued upon the full exercise of the outstanding Share Options).

The Company will provisionally allot to the Qualifying Shareholders three (3) Rights Shares in nil-paid form for every two (2) Adjusted Shares in issue and held on the Record Date, which is currently expected to be on Wednesday, 28 August 2024. The Rights Issue will not be available to the Non-Qualifying Shareholders.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. The Bermuda legal adviser of the Company has confirmed that there is no minimum subscription amount required to be raised from the Rights Issue under Bermuda law.

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event of an undersubscription of the Rights Issue, the size of the Rights Issue will be reduced accordingly.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares of the Company by more than 50% within 12 months period immediately preceding the date of this announcement (after taking into account the effect of the Capital Reorganisation), the Rights Issue is conditional upon the minority Shareholders' approval at the SGM, and any controlling shareholders of the Company and their associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the SGM.

As at the date of this announcement, the Company has no Controlling Shareholder as defined under the Listing Rules. Mr. Cheung Ngan (who is interested in 75,862,495 Shares and 1,270,000 outstanding Share Options, representing approximately 8.30% of the issued share capital of the Company as enlarged by allotment and issue of the Shares of such Share Options if exercised), Mr. Miguel Valldecabres Polop (who held 17,000,000 outstanding Share Options, representing approximately 1.80% of the issued share capital of the Company as enlarged by the allotment and issue of the Shares of such Share Options if exercised) and Ms. Chan Hoi Ying (who is interested in 1,270,000 outstanding Share Options, representing approximately 0.14% of the issued share capital of the Company as enlarged by the allotment and issue of the Shares of such Share Options if exercised), being executive Directors of the Company, are interested in the Shares as at the date of this announcement. Accordingly, Mr. Cheung Ngan, Mr. Miguel Valldecabres Polop and Ms. Chan Hoi Ying and their associates shall abstain from voting at the SGM in respect of the Rights Issue. Save as disclosed above, no other Shareholder is required to abstain from voting at the SGM. No Shareholder has informed the Company that he/she/it intends to vote in favour of or against the proposed resolutions in connection with the Capital Reorganisation and the Rights Issue as at the date of this announcement.

POSSIBLE ADJUSTMENT TO OUTSTANDING SHARE OPTIONS

As at the date of this announcement, the Company has outstanding Share Options of entitling participants to subscribe for a total of 89,010,000 Shares and has outstanding scheme mandate limit under the Share Option Scheme which was approved and adopted in the annual general meeting of the Company dated 29 August 2023 is 92,796,789 existing Shares.

Pursuant to the terms of the Share Option Scheme, the Rights Issue may lead to adjustments to, among others, the exercise price and/or the number of Shares to be issued upon exercise of the outstanding Share Options under the Share Option Schemes. The Company will notify the holders of such Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Schemes, and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

Save for the foregoing, as at the date of this announcement, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date.

GENERAL

The Company has established the Independent Board Committee, comprising all the independent non- executive Directors, namely Mr. Chan Francis Ping Kuen, Mr. Lee Kwok Leung and Dato' Tan Yee Boon, to advise the Independent Shareholders in respect of the Rights Issue and as to the voting action therefor.

The Circular containing, among other things, (i) details of the Capital Reorganisation; (ii) further information regarding the Rights Issue and the transactions contemplated thereunder; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue; (v) other information required under the Listing Rules; and (vi) the notice of the SGM is expected to be despatched to the Shareholders on or before Friday, 26 July 2024.

WARNING OF THE RISKS OF DEALING IN THE SHARES, THE ADJUSTED SHARES AND/OR NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Capital Reorganisation are conditional upon satisfaction of conditions set out in the paragraph headed “Conditions of the Capital Reorganisation” in this announcement. Therefore, the Capital Reorganisation may or may not proceed.

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid Rights Shares. Please refer to the section headed “Proposed Rights Issue – Conditions of the Rights Issue” in this announcement.

Shareholders and potential investors of the Company should note that each of the Rights Issue and the Placing is subject to the fulfilment of certain conditions. If any of the conditions of the Rights Issue and/or the Placing are not fulfilled, the Rights Issue and/or the Placing will not proceed.

Any Shareholder or other person contemplating transferring, selling, or purchasing Shares is advised to exercise caution when dealing in the Shares, the Adjusted Shares and/or the nil-paid Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

Any Shareholder or other person dealing in the Shares, the Adjusted Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled or the Placing Long Stop Date, which is expected to be 4:10 p.m. on Wednesday, 2 October 2024, will accordingly bear the risk that the Rights Issue and/or the Placing may not proceed.

(1) PROPOSED CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation for the purpose of reducing the par value of each Existing Share, pursuant to which:

- (i) the issued share capital of the Company will be reduced by cancelling the paid-up share capital of the Company to the extent of HK\$0.09 on each of the issued Shares such that the par value of each issued Share will be reduced from HK\$0.10 to HK\$0.01;
- (ii) the credit arising from the Capital Reduction be applied towards offsetting accumulated loss of the Company as at the effective date of the Capital Reorganisation, thereby reducing the accumulated loss of the Company; and
- (iii) immediately following the Capital Reduction, each of the authorised but unissued Shares of par value of HK\$0.10 each in the authorised share capital of the Company will be subdivided into ten (10) authorised but unissued Adjusted Shares of par value of HK\$0.01 each.

Effect of the Capital Reorganisation

Immediately upon the Capital Reorganisation becoming effective and assuming no further Shares will be issued or repurchased from the date of this announcement up to and including the date of which the Capital Reorganisation shall become effective, the par value of all the issued Shares shall be reduced from HK\$0.10 each to HK\$0.01 each by cancelling the paid-up share capital to the extent of HK\$0.09 per Share in issue.

Upon the Share Subdivision becoming effective, each of the authorised but unissued Shares of par value of HK\$0.10 each will be subdivided into ten (10) authorised but unissued Adjusted Shares of par value of HK\$0.01 each.

The Adjusted Shares will rank pari passu in all respects with each other in accordance with the Bye-Laws. The issued share capital will be reduced to HK\$9,279,678.97 divided into 927,967,897 Adjusted Shares of par value of HK\$0.01 each.

Based on the 927,967,897 Shares in issue as at the date of this announcement, a credit of approximately HK\$83,517,111 will arise from the Capital Reduction, which will be applied towards offsetting accumulated loss of the Company as at the effective date of the Capital Reorganisation.

Other than the relevant expenses incurred and to be incurred, the implementation of the Capital Reorganisation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management of financial position of the Company.

The Capital Reorganisation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders.

The following tables set out the effect of the Capital Reorganisation on the share capital of the Company before and after the implementation of the Capital Reorganisation, assuming that there is no change in the issued share capital of the Company from the date of this announcement until the effective date of the Capital Reorganisation.

	As at the date of this announcement	Immediately upon the Capital Reorganisation becoming effective
Par value	HK\$0.10 per Share	HK\$0.01 per Adjusted Share
Authorised share capital	HK\$500,000,000.00 divided into 5,000,000,000 Shares	HK\$500,000,000.00 divided into 50,000,000,000 Shares
Issued and fully paid-up or credited as fully paid-up share capital	HK\$92,796,789.70 divided into 927,967,897 Shares	HK\$9,279,678.97 divided into 927,967,897 Shares
Unissued share capital	HK\$407,203,210.30 divided into 4,072,032,103 Shares	HK\$490,720,321.03 divided into 49,072,032,103 shares
Unaudited accumulated losses of the Company as at 31 March 2024	Approximately HK\$2,533 million	Approximately HK\$2,450 million (assuming no change on the accumulated losses from 31 March 2024 up to the date of the Capital Reorganisation becoming effective)

Conditions of the Capital Reorganisation

The Capital Reorganisation are conditional upon the following:

- (i) the passing of a special resolution to approve the Capital Reorganisation by the Shareholders at the SGM;
- (ii) the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares upon the Capital Reorganisation becoming effective;
- (iii) the compliance with the relevant procedures and requirements under the laws of Bermuda, which include the Directors being satisfied that on the date of the Reorganisation becoming effective, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due, and the Listing Rules to effect the Capital Reorganisation; and
- (iv) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

Application for listing and dealings

Application will be made to the Listing Committee for the granting of the listing of, and permission to deal in, the Adjusted Shares arising from the Capital Reorganisation.

Subject to the granting of the listing of, and permission to deal in, the Adjusted Shares on the Stock Exchange, the Adjusted Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Adjusted Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Status of the Adjusted Shares

The Adjusted Shares will be identical in all respects and rank pari passu in all respects with each other. All necessary arrangements will be made for the Adjusted Shares to be admitted into CCASS.

Free exchange of share certificates

Subject to the Capital Reorganisation becoming effective, the Shareholders may, on or after Monday, 19 August 2024 until Wednesday, 25 September 2024 (both days inclusive), submit share certificates for the Existing Shares (in green colour) to the Company's branch share registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, to exchange, at the expense of the Company, for new share certificates for the Adjusted Shares (in red colour). Thereafter, certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Adjusted Shares, whichever the number of certificates cancelled/issued is higher.

All existing share certificates of the Company will continue to be evidence of title to the Shares and continue to be valid for trading, settlement, registration and delivery purposes.

Reasons for the Capital Reorganisation

Pursuant to the Bye-laws, the Company shall not issue shares at a price below par value. Since the Existing Shares are currently trading close to the par value, the Company could not conduct fundraising exercise to raise capital in a timely manner with the existing par value of HK\$0.10.

The proposed Capital Reorganisation will enable the par value of the Shares to be reduced from HK\$0.10 to HK\$0.01 each. The credit arising from the Capital Reduction will be transferred to the contributed surplus account and the contributed surplus account will be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reorganisation, thereby reducing the accumulated losses of the Company. The balance of the credit (if any) of the contributed surplus account after offsetting the accumulated losses will be applied by the Company in any manner as permitted by all applicable laws and the Bye-laws.

As at 31 March 2024, the unaudited accumulated losses of the Company was approximately HK\$2,533 million. Upon the Capital Reorganisation becoming effective, the accumulated losses of the Company will be reduced by approximately HK\$83.5 million.

The Board is of the opinion that the proposed Capital Reorganisation will give greater flexibility to the Company to (i) conduct fundraising exercise to raise capital, including the Rights Issue; (ii) declare dividends; and/or (iii) undertake any corporate exercise which requires the use of distributable reserves in the future, subject to the Company's performance and when the Board considers that it is appropriate to do so in the future.

As such, the Directors are of the view that the Capital Reorganisation is in the best interests of the Company and its Shareholders as a whole.

(2) PROPOSED RIGHTS ISSUE

The Board proposes, subject to the Capital Reorganisation becoming effective, to conduct the Rights Issue on the basis of three (3) Rights Shares for every two (2) Adjusted Shares held as at the Record Date. Set out below are the details of the Rights Issue statistics.

Rights Issue statistics

Basis of the Rights Issue	:	Three (3) Rights Shares for every two (2) Adjusted Shares held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.095 per Rights Share
Net price per Rights Shares (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	Approximately HK\$0.094 per Rights Share (on the basis that all the Rights Shares will be taken up)
Number of Shares in issue as at the date of this announcement	:	927,967,897 Existing Shares
Number of Adjusted Shares in issue upon the Capital Reorganisation becoming effective	:	927,967,897 Adjusted Shares (assuming there is no change in number of Shares in issue up to the effective date of the Capital Reorganisation)

<p>Number of Rights Shares (Shares to be issued pursuant to the Rights Issue)</p>	<p>: Up to:</p> <p>(i) 1,391,951,844 Rights Shares (assuming there is no change in the number of Shares in issue on or before the Record Date other than the Capital Reorganisation) with an aggregate nominal value of HK\$13,919,518.44; or</p> <p>(ii) 1,525,466,844 Rights Shares (assuming there is no change in the total number of issued Shares from the date of this announcement up to and including the Record Date other than the Capital Reorganisation and the new Shares to be allotted and issued upon the full exercise of the outstanding Share Options) with an aggregate nominal value of HK\$15,254,668.44.</p>
<p>Total number of Adjusted Shares in issue upon completion of the Rights Issue</p>	<p>: 2,319,919,741 Adjusted Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the Capital Reorganisation) or up to 2,542,444,741 Adjusted Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the Capital Reorganisation becoming effective and the new Shares to be allotted and issued upon the full exercise of the outstanding Share Options)</p>
<p>Gross proceeds from the Rights Issue</p>	<p>: Up to approximately HK\$132.2 million before expenses (assuming no change in the number of Shares in issue on or before the Record Date other than the Capital Reorganisation) with a maximum of approximately HK\$144.9 million before expenses (assuming no change in the number of Shares in issue on or before the Record Date other than the Capital Reorganisation becoming effective and the new Shares to be allotted and issued upon the full exercise of the outstanding Share Options)</p>

As at the date of this announcement, the Company has outstanding Share Options of entitling participants to subscribe for a total of 89,010,000 Shares and has outstanding scheme mandate limit under the Share Option Scheme which was approved and adopted in the annual general meeting of the Company dated 29 August 2023 is 92,796,789 existing Shares.

Save for the Share Options, the Company has no outstanding warrants, options or convertible securities in issue or other similar rights entitling holders thereof to convert into or exchange into or subscribe for new Shares as at the date of this announcement.

Assuming no change in the number of Shares in issue on or before the Record Date, other than the Capital Reorganisation becoming effective, the aggregate 1,391,951,844 Rights Shares to be issued pursuant to the terms of the Rights Issue represent 150% of the total number of issued Adjusted Shares upon the Capital Reorganisation becoming effective and approximately 60% of the total number of issued Adjusted Shares as enlarged by the issue of the Rights Shares (assuming full acceptance by the Qualifying Shareholders).

Assuming no change in the number of Shares in issue on or before the Record Date other than the Capital Reorganisation becoming effective and the new Shares to be allotted and issued upon the full exercise of the outstanding Share Options, the aggregate 1,525,466,844 Rights Shares to be issued pursuant to the terms of the Rights Issue represent 150% of the total number of issued Adjusted Shares upon the Capital Reorganisation becoming effective and approximately 60% of the total number of issued Adjusted Shares as enlarged by the issue of the Rights Shares (assuming full acceptance by the Qualifying Shareholders).

The Subscription Price

The Subscription Price is HK\$0.095 per Rights Share, which shall be payable in full by Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares. According to the relevant Bermuda laws, the Company shall not issue Shares at a price below its par value.

The Subscription Price represents:

- (i) a discount of approximately 3.06% to the adjusted closing price of HK\$0.098 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK\$0.098 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 3.06% to the adjusted average closing price of HK\$0.098 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the average closing price of HK\$0.098 per Existing Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 3.94% to the adjusted average closing price of HK\$0.099 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the average closing price of approximately HK\$0.0989 per Existing Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and
- (iv) theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 1.84%, represented by the theoretical diluted price of HK\$0.096 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) to the benchmarked price of approximately HK\$0.098 per Adjusted share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of the Adjusted Shares as quoted on the Stock Exchange on the Last Trading Day and (ii) the average closing price of the five (5) previous consecutive trading days prior to the date of this announcement and taking into account the effect of the Capital Reorganisation).

The Subscription Price was determined with reference to, among other things, (i) the market price of the Shares under the prevailing market conditions; (ii) the current business performance and financial position of the Group; and (iii) the reasons for and benefits of proposed Rights Issue as discussed in the section head “Reason for the Rights Issue, the Placing and the Use of Proceeds”, and the amount of funds the Company intends to raise under the Rights Issue.

Under the Rights Issue, each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Company considers that the discount of the Subscription Price to the current market price (taking into account the effect of the Capital Reorganisation) will encourage them to participate in the Rights Issue.

The Directors (excluding the members of the Independent Board Committee, whose opinion will be provided after taking into account the advice of the independent financial adviser) consider that the terms of the Rights Issue, including the Subscription Price, are fair, reasonable and in the interests of the Company and the Shareholders as a whole.

Non-underwritten basis

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event of an undersubscription of the Rights Issue, any Unsubscribed Shares together with the NQS Unsold Shares will be placed on a best effort basis by the Placing Agent to independent places under the Placing. Any Unsubscribed Shares or NQS Unsold Shares remain not placed under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

The Bermuda legal adviser of the Company has confirmed that there is no minimum subscription amount required to be raised from the Rights Issue under Bermuda law.

As the Rights Issue will proceed on a non-underwritten basis, Shareholder who applies to take up all or part of his/her/its entitlement under the PAL may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders (other than HKSCC Nominees Limited) to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5)(b) of the Listing Rules.

Conditions of the Rights Issue

The Rights Issue is conditional upon each of the following conditions being fulfilled:

- (i) the Capital Reorganisation having become effective;
- (ii) the passing by more than 50% of the votes cast by the Independent Shareholders by way of poll of all necessary resolutions to be proposed at the SGM for the transactions contemplated under the Rights Issue to be effective in compliance with the Listing Rules, including but not limited to approving, confirming and/or ratifying the Rights Issue, including the allotment and issue of the Rights Shares in their nil-paid and fully-paid forms;

- (iii) the delivery of the Prospectus Documents to the Stock Exchange and the issue by the Stock Exchange on or before the Posting Date of a certificate authorising registration of the Prospectus Documents with the Registrar of Companies in Hong Kong;
- (iv) following registration, the posting of the Prospectus Documents to the Qualifying Shareholders and the publication of the Prospectus on the website of the Stock Exchange on or before the Posting Date;
- (v) the grant of listing of the Rights Shares (in both nil-paid and fully paid forms) by the Stock Exchange (either unconditionally or subject only to the allotment and despatch of the share certificates in respect thereof) and the grant of permission to deal in the nil-paid Rights Shares and the fully-paid Rights Shares by the Stock Exchange (and such permission and listing not subsequently having been withdrawn or revoked); and
- (vi) all other necessary waivers, consent and approvals (if required) from the relevant governmental or regulatory authorities for the Rights Issue and the transaction contemplated thereunder having been obtained and fulfilled.

None of the above conditions precedent can be waived. If any of the above conditions are not satisfied at or before 4:10 p.m. on Wednesday, 2 October 2024 (or such later date as the Company may determine), the Rights Issue will not proceed.

As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.

Status of the Rights Shares

The Rights Shares (when allotted, fully-paid or credited as fully paid and issued) will rank pari passu in all respects among themselves and with the Adjusted Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully paid Rights Shares. Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, Shareholder must be registered as a member of the Company on the Record Date and not be a Non-Qualifying Shareholder.

In order to be registered as members of the Company prior to the closing of business on the Record Date, all transfers of Adjusted Shares (together with the relevant share certificates and instruments of transfer) must be lodged with the Company's branch share registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by 4:30 p.m. on Wednesday, 21 August 2024.

Closure of register of members

The register of members of the Company will be closed from Thursday, 22 August 2024 to Wednesday, 28 August 2024 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

Basis of provisional allotment

The basis of the provisional allotment shall be three (3) Rights Shares (in nil-paid form) for every two (2) Adjusted Shares held by the Qualifying Shareholders as at close of business on the Record Date. There will be no excess application arrangements in relation to the Rights Issue.

Acceptance for all or any part of a Qualifying Shareholder's provisional allotment should be made only by lodging a duly completed PAL with a remittance for the Rights Shares being accepted with the Registrar by the Latest Time for Acceptance.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Shares as a result of the Rights Issue, the Company will appoint a securities firm to provide matching services, on a best effort basis, to those Shareholders who wish to top up or sell their holdings of odd lots of the Shares. Further details in respect of the arrangement of odd lot trading will be set out in the Prospectus.

Shareholders should note that the matching of the sale and purchase of odd lots of Shares is not guaranteed. Shareholders who are in any doubt about the odd lot matching arrangement are recommended to consult their own professional advisers.

To alleviate the difficulties in trading odd lots of the Shares arising from the Rights Issue, the Company will appoint an agent to provide matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Monday, 14 October 2024 to 4:00 p.m. on Monday, 28 October 2024 (both dates inclusive). Holders of the Shares in odd who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot may directly or through their broker during such period. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

Rights of Overseas Shareholders (if any)

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will comply with Rule 13.36(2) (a) of the Listing Rules make enquiries regarding the feasibility of extending the offer of the Rights Issue to Overseas Shareholders, if any. If, based on the legal advice to be provided by the legal advisor of the Company, the Board considers that it would be necessary or expedient not to offer the Rights Shares to Overseas Shareholders on account of either the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in such relevant jurisdiction, the Rights Issue will not be extended to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Non-Qualifying Shareholders. The basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form commence and before dealings in the Rights Shares in their nil-paid form end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid to the Non-Qualifying Shareholders pro rata to their shareholdings held on the Record Date. In light of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit.

Overseas Shareholders should note that they may or may not be entitled to participate in the Rights Issue, subject to the results of the enquiries to be made by the Board pursuant to Rule 13.36(2)(a) of the Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

Procedures in respect of the Unsubscribed Shares and the NQS Unsold Shares and the Compensatory Arrangements

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rule to dispose of the Unsubscribed Shares and the NQS Unsold Shares by offering the Unsubscribed Shares and the NQS Unsold Shares to independent placees for the benefit of Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue. On 26 June 2024, the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of Unsubscribed Shares and the NQS Unsold Shares to independent placees on a best effort basis.

Pursuant to the Placing Agreement, the Company appointed the Placing Agent to place the Placing Shares during the Placing Period to independent placees on a best effort basis, any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders and Prohibited Shareholders on a pro-rata basis. The Placing Agent will on a best effort basis, procure, by not later than 30 September 2024, on the Placing End Date, placees to subscribe for all (or as many as possible) of those Unsubscribed Shares and the NQS Unsold Shares. Any Unsubscribed Shares and the NQS Unsold Shares remain not placed after completion of the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders as set out below on a pro rata basis (but rounded down to the nearest cent):

- A. the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- B. the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such amount will be paid to the relevant No Action Shareholder(s) in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

Placing Agreement for Unsubscribed Shares and the NQS Unsold Shares

Details of the Placing Agreement are summarised below:

Date : 26 June 2024 (after trading hours)

Issuer : The Company

Placing Agent : Sorrento Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO, was appointed as the Placing Agent to procure, on the best effort basis, places to subscribe for the Unsubscribed Shares and NQS Unsold Shares during the Placing Period.

The Placing Agent confirmed that it and its ultimate beneficial owner(s) (i) are not the Shareholder; and (ii) they are Independent Third Parties.

Placing Period : The period commencing from the sixth Business Day after the Latest Time for Acceptance and end at 4:10 p.m. on the eleventh Business Day after the Latest Time for Acceptance.

Commission and expenses : The Placing Agent shall be entitled to a commission fee equal to 1.5% of the amount which is equal to the Placing price multiplied by the Placing Shares that have been successfully placed by the Placing Agent with a minimum fee of HK\$150,000 pursuant to the terms of the Placing Agreement.

The commission is not payable by the Company to the Placing Agent if the Placing Agreement has not become unconditional or is otherwise terminated in accordance with its terms.

Placing price : The placing price of each of the Placing Shares shall be not less than the Subscription Price. The final price determination will be dependent on the demand and market conditions of the Placing Shares during the process of placement.

Placees : The Placing Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies) such that the Placing will not have any implication under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing.

Ranking of the Placing Shares : The Placing Shares (when placed, allotted, issued and fully paid), shall rank pari passu in all respects among themselves and with the Adjusted Shares in issue at the date of completion of the Placing.

Conditions Precedent : The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled (or being waived by the Placing Agent in writing, if applicable):

(i) the Listing Committee of the Stock Exchange having granted the listing of, and the permission to deal in, the Rights Shares;

(ii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; and

(iii) the Placing Agreement not having been terminated in accordance with the provisions thereof.

The Placing Agent may, in its absolute discretion, waive the fulfillment of all or any part of the conditions precedent to the Placing Agreement (other than those set out in paragraph (i) above) by notice in writing to the Company.

Termination : The Placing Agreement shall end on 30 September 2024 or any other date by mutual written agreement between the Placing Agent and the Company.

The engagement of the Placing Agent may also be terminated by the Placing Agent in case of force majeure resulting in the Company and the Placing Agent being unable to fulfill its duties and responsibilities under the engagement. However, if during the course of the engagement it has come to the Placing Agent's knowledge that there is any material adverse change in the business and operational environment in the Company which, in the sole opinion of the Placing Agent, may make it inadvisable to continue the engagement, the Placing Agent shall have the right to terminate the engagement by written notice to the Company with immediate effect.

Placing completion : Completion is expected to take place within eleven Business Days after publication of an announcement by the Company of the number of the Unsubscribed Shares and NQS Unsold Shares under the Compensatory Arrangements and upon fulfillment or waiver (as the case may be) of the conditions precedent to the Placing Agreement or such other date as the Company and the Placing Agent may agree in writing.

The Company shall use its best endeavours to procure the fulfillment of such conditions precedent to the Placing Agreement by the Placing Long Stop Date. If any of the conditions precedent to the Placing Agreement have not been fulfilled by the Placing Long Stop Date or become incapable of being fulfilled (subject to the Placing Agent not exercising its rights to waive or extend the time for fulfillment of such conditions), then the Placing will lapse and all rights, obligations and liabilities of the Company and the Placing Agent in relation to the Placing shall cease and determine, save in respect of any accrued rights or obligations under the Placing Agreement or antecedent breach thereof.

The engagement between the Company and the Placing Agent in respect of the Placing Shares (including the commission and expenses payable) was determined after arm's length negotiation between the Placing Agent and the Company and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions. The Board considers that the terms of Placing Agreement in respect of the Placing Shares (including the commission and expenses payable) are on normal commercial terms.

As explained above, the Unsubscribed Shares and NQS Unsold Shares will be placed by the Placing Agent to Independent Third Parties on a best effort basis for the benefits of the No Action Shareholders. If all or any of the Unsubscribed Shares and NQS Unsold Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders.

The Board considered that the Compensatory Arrangements are fair and reasonable and provide adequate safeguard to protect the interests of the Company's minority Shareholders since the Compensatory Arrangements would provide (i) a distribution channel of the Placing Shares to the Company; (ii) an additional channel of participation in the Rights Issue for the Qualifying Shareholders and the Non- Qualifying Shareholders; and (iii) a compensatory mechanism for the No Action Shareholders and the Non-Qualifying Shareholders.

Share certificates and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be posted on or before Thursday, 10 October 2024 to those entitled thereto at their registered addresses by ordinary post at their own risk. If the Rights Issue does not become unconditional, refund cheques without interest are expected to be posted on or before Thursday, 10 October 2024 by ordinary post to the respective applicants, at their own risk, to their registered addresses.

No Fractional Entitlement

The Company will not provisionally allot fractions of Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number) and sold by the Company in the open market if a premium (net of expense) can be obtained. Any of these Rights Shares remain not sold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Application for listing of the Rights Shares

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

The nil-paid and fully-paid Rights Shares will be traded in board lots of 10,000 Shares.

RIGHTS SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

WARNING OF THE RISKS OF DEALING IN THE SHARES, THE ADJUSTED SHARES AND/OR THE NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Capital Reorganisation are conditional upon satisfaction of conditions set out in the paragraph headed “Conditions of the Capital Reorganisation” in this announcement. Therefore, the Capital Reorganisation may or may not proceed.

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid Rights Shares. Please refer to the section headed “Proposed Rights Issue – Conditions of the Rights Issue” in this announcement.

Shareholders and potential investors of the Company should note that each of the Rights Issue and the Placing is subject to the fulfilment of certain conditions. If any of the conditions of the Rights Issue and/or the Placing are not fulfilled, the Rights Issue and/or the Placing will not proceed.

Any Shareholder or other person contemplating transferring, selling, or purchasing Shares is advised to exercise caution when dealing in the Shares, the Adjusted Shares and/or the nil-paid Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

Any Shareholder or other person dealing in the Shares, the Adjusted Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled or the Placing Long Stop Date, which is expected to be 4:10 p.m. on Wednesday, 2 October 2024, will accordingly bear the risk that the Rights Issue and/or the Placing may not proceed.

REASONS FOR THE RIGHTS ISSUE, THE PLACING AND THE 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.

Despite the Company continued to safeguard its working capital by requesting the customers to pay deposit before commencing production of any purchase orders, the customers of the Group have postponed the purchase orders in order to maintain their working capital due to the cautious economic sentiment and the prevailing high interest rate environment, which in turn exerted pressure on the working capital of the Group. As at 31 May 2024, the balance of the cash and cash equivalent of the Group amounted to approximately HK\$5.6 million.

For the year ended 31 March 2024, the Group continued to develop its new energy business and received purchase orders from a number of customers. In particular, the Group has been successfully awarded a contract of supplying the first electric mobile command unit for the Hong Kong Fire Services Department during the year.

However, due to the pressure in the working capital of the Group, the Group experienced difficulties in completing purchase orders on hand for delivering to its customers. As a result, the Group could not reliably forecast the delivery timetable while negotiating new production orders with both existing and potential customers. As such, the Company considers it may facilitate the negotiation of production orders with potential customers with sufficient working capital.

As such, the Company proposes to conduct the Rights Issue to (i) provide working capital for the development of the new energy business; and (ii) replenish its general working capital.

Use of Proceeds

The maximum gross and net proceeds (after deducting related expenses) from the Rights Issue are estimated to be approximately HK\$144.9 million and HK\$143.9 million, respectively. The Company intends to apply the net proceeds from the Rights Issue for the development of the new energy business and general working capital of the Group as follows:

- (i) approximately 32.0% of the net proceeds or approximately HK\$46.0 million for the material and relevant production cost for completing production orders of electric vehicles on hand;
- (ii) approximately 33.2% of the net proceeds or approximately HK\$47.8 million for the material and relevant production cost for production orders of electric and utility vehicles for potential customers;
- (iii) approximately 5.5% of the net proceeds or approximately HK\$8.0 million for the homologation, marketing and promotion and after-sales support of the electric vehicles;
- (iv) approximately 14.6% of the net proceeds or approximately HK\$21.0 million for settlement of salaries, rental, legal and professional fees and other administrative expenses for twelve months; and
- (v) approximately 14.7% of the net proceeds or approximately HK\$21.1 million for general working capital of the Group.

If the Rights Issue is undersubscribed and the size of the Rights Issue is reduced, the net proceeds are expected to be utilised with proportional reductions in the same usage scenarios as above.

Alternative fund-raising methods considered

The Company had considered other fund-raising alternatives available to the Group, including debt financing and other equity financing such as placing or subscription of new Shares.

The Board considers that to finance the funding needs of the Group in the form of equity is a better alternative than debt as it would not result in additional interest burden and will improve the gearing of the Group. In particular, the Company had difficulties in sourcing debt financing from financial institutions due to the lack of security as the Company does not have material tangible assets in Hong Kong.

Amongst the equity financing methods, placing or subscription of new Shares would dilute the shareholding of the existing Shareholders without giving the chance to the existing Shareholders to participate. On the contrary, the Rights Issue is pre-emptive in nature, as it allows Qualifying Shareholders to maintain their proportional shareholdings in the Company through participation in the Rights Issue. The Rights Issue also allows the Qualifying Shareholders to (a) increase their respective shareholding interests in the Company by acquiring additional rights entitlement in the open market (subject to the availability); or (b) reduce their respective shareholding interests in the Company by disposing of their rights entitlements in the open market (subject to the market demand). As an open offer does not allow the trading of rights entitlements, a rights issue is preferred. Further, the Rights Issue will enable the Group to strengthen its capital base and to enhance its financial position without increasing its debt or finance costs.

Conclusion

Taking into account of the above, the Board considers that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

EQUITY FUNDRAISING ACTIVITIES IN THE PAST 12 MONTHS FROM THE DATE OF THIS ANNOUNCEMENT

The Company has not conducted any fund-raising activities involving issue of its securities in the past 12 months immediately preceding the date of this announcement.

TAXATION

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

EXPECTED TIMETABLE FOR THE CAPITAL REORGANISATION, THE RIGHTS ISSUE AND THE PLACING

The expected timetable for the proposed Capital Reorganisation, the Rights Issue and the Placing is set out below:

Despatch date of the Circular, proxy form and notice of the SGM	on or before Friday, 26 July 2024
Latest time for lodging transfers of Shares to notice of the SGM qualify for attendance and voting at the SGM	4:30 p.m. on Thursday, 8 August 2024
Closure of register of members of the Company to determine entitlement to attend and vote at the SGM	Friday, 9 August 2024 to Thursday, 15 August 2024 (both days inclusive)
Latest time for lodging proxy forms for the SGM	11:00 a.m. on Tuesday, 13 August 2024
Record date for determining attendance and voting at the SGM	Thursday, 15 August 2024
Expected date and time of the SGM	11:00 a.m. on Thursday, 15 August 2024
Announcement of poll results of the SGM	Thursday, 15 August 2024
Re-opening of the register of members of the Company	Friday, 16 August 2024
Effective date of the Capital Reorganisation	Monday, 19 August 2024
Commencement of dealings in the Adjusted Shares	9:00 a.m. on Monday, 19 August 2024
First day for free exchange of existing share certificates for the Existing Shares into new share certificates for the Adjusted Shares	Monday, 19 August 2024

Last day of dealings in the Adjusted Shares on a cum-rights basis	Monday, 19 August 2024
First day of dealings in the Adjusted Shares on an ex-rights basis	Tuesday, 20 August 2024
Latest time for lodging transfers of the Adjusted Shares in order for the transferees to qualify for the Rights Issue	4:30 p.m. on Wednesday, 21 August 2024
Closure of register of members to determine the entitlements to the Rights Issue	Thursday, 22 August 2024 to Wednesday, 28 August 2024 (both days inclusive)
Record Date for the Rights Issue	Wednesday, 28 August 2024
Re-opening of the register of members of the Company	Thursday, 29 August 2024
Despatch of Prospectus Documents (in the case of the Non-Qualifying Shareholders, the Prospectus only)	Thursday, 29 August 2024
First day of dealings in nil-paid Rights Shares	Monday, 2 September 2024
Latest time for splitting nil-paid Rights Shares	4:00 p.m. on Wednesday, 4 September 2024
Last day of dealings in nil-paid Rights Shares	Monday, 9 September 2024
Latest Time for Acceptance	4:00 p.m. on Thursday, 12 September 2024
Announcement of the number of the Unsubscribed Shares and NQS Unsold Shares subject to the Placing	Friday, 20 September 2024
Commencement of the Placing Period (if there are any Unsubscribed Shares and NQS Unsold Shares available)	Monday, 23 September 2024

Last day for free exchange of existing share certificates for the Existing Shares into new share certificates for the Adjusted Shares	Wednesday, 25 September 2024
Placing End Date for the Placing	Monday, 30 September 2024
Latest Time for the Rights Issue to become unconditional and the Placing Long Stop Date	4:10 p.m. on Wednesday, 2 October 2024
Rights Issue Settlement Date and Placing completion date	Tuesday, 8 October 2024
Announcement of the results of the Rights Issue (including the results of the Placing and the Net Gain)	Wednesday, 9 October 2024
Despatch of share certificates for the Rights Shares and/or refund cheques	Thursday, 10 October 2024
First day of dealings in the fully-paid Rights Shares	Monday, 14 October 2024
Designated broker starts to stand in the market to provide matching services for odd lots of the Adjusted Shares	9:00 a.m. on Monday, 14 October 2024
Payment of Net Gain to relevant No Action Shareholders (if any) or Non-Qualifying Shareholders (if any)	Monday, 14 October 2024
Designated broker ceases to provide matching services for odd lots of the Adjusted Shares	4:00 p.m. on Monday, 28 October 2024

Notes:

- (1) Shareholders should note that the dates and deadlines specified in the above timetable, and in other parts of this announcement are indicative only and subject to change. Further announcement(s) will be made if there is any change to the expected timetable.
- (2) All references to times and dates are references to Hong Kong times and dates.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE

The Latest Time for Acceptance will not take place as scheduled if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning or “extreme conditions” caused by super typhoons issued by the Hong Kong Observatory:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Time for Acceptance falls. Instead, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warning in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates mentioned in the section headed “EXPECTED TIMETABLE FOR THE CAPITAL REORGANISATION, THE RIGHTS ISSUE AND THE PLACING” in this announcement may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

EFFECT OF THE RIGHTS ISSUE ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the Capital Reorganisation; (iii) immediately after the Capital Reorganisation and the Completion assuming full acceptance by all Qualifying Shareholders under the Rights Issue; and (iv) immediately after the Capital Reorganisation and the Completion assuming (a) no subscription by the Qualifying Shareholders; and (b) all the Placing Shares are placed to Independent Third Parties under the Placing:

- (a) assuming there is no change in the issued share capital of the Company, other than as a result of the Capital Reorganisation, from the date of this announcement up to and including the Record Date:

Shareholder	As at the date of this announcement		Immediately after the Capital Reorganisation		Immediately after the Capital Reorganisation and the Completion assuming full acceptance by all Qualifying Shareholders under Rights Issue		Immediately after the Capital Reorganisation and the Completion assuming (a) no subscription by the Qualifying Shareholders; and (b) all the Placing Shares are placed to Independent Third Parties under the Placing	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Entrust Limited (Note 1)	98,272,751	10.59%	98,272,751	10.59%	245,681,877	10.59%	98,272,751	4.24%
Mr. Cheung Ngan (Note 2)	53,603,855	5.78%	53,603,855	5.78%	134,009,637	5.78%	53,603,855	2.31%
Faith Profit Holding Limited (Note 2)	22,258,640	2.40%	22,258,640	2.40%	55,646,600	2.40%	22,258,640	0.96%
Other Directors								
Mr. Miguel Valdecabres Polop	-	-	-	-	-	-	-	-
Ms. Chan Hoi Ying	-	-	-	-	-	-	-	-
Mr. Chan Francis Ping Kuen	-	-	-	-	-	-	-	-
Mr. Lee Kwok Leung	-	-	-	-	-	-	-	-
Dato' Tan Yee Boon	-	-	-	-	-	-	-	-
Other public Shareholders	753,832,651	81.23%	753,832,651	81.23%	1,884,581,627	81.23%	753,832,651	32.49%
Placees	-	-	-	-	-	-	1,391,951,844	60.00%
	<u>927,967,897</u>	<u>100.00%</u>	<u>927,967,897</u>	<u>100.00%</u>	<u>2,319,919,741</u>	<u>100.00%</u>	<u>2,319,919,741</u>	<u>100.00%</u>

Notes:

1. 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.
2. Faith Profit Holding Limited is wholly owned by Mr. Cheung Ngan, the Chairman and executive Director of the Company. Mr. Cheung Ngan is also interested in 1,270,000 Share Options.
3. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

(b) assuming there is no change in the issued share capital of the Company, other than as a result of the Capital Reorganisation and the new Shares to be allotted and issued upon the full exercise of the outstanding Share Options, from the date of this announcement up to and including the Record Date:

Shareholder	As at the date of this announcement		Immediately after the Capital Reorganisation and the full exercise of the outstanding Share Options		Immediately after the Capital Reorganisation and the Completion assuming full acceptance by all Qualifying Shareholders under Rights Issue		Immediately after the Capital Reorganisation and the Completion assuming (a) no subscription by the Qualifying Shareholders; and (b) all the Placing Shares are placed to Independent Third Parties under the Placing	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Entrust Limited <i>(Note 1)</i>	98,272,751	10.59%	98,272,751	9.66%	245,681,877	9.66%	98,272,751	3.87%
Mr. Cheung Ngan <i>(Note 2)</i>	53,603,855	5.78%	54,873,855	5.40%	137,184,637	5.40%	54,873,855	2.16%
Faith Profit Holding Limited <i>(Note 2)</i>	22,258,640	2.40%	22,258,640	2.19%	55,646,600	2.19%	22,258,640	0.88%
Other Directors								
Mr. Miguel Valdecabres Polop	-	-	17,000,000	1.67%	42,500,000	1.67%	17,000,000	0.67%
Ms. Chan Hoi Ying	-	-	1,270,000	0.12%	3,175,000	0.12%	1,270,000	0.05%
Mr. Chan Francis Ping Kuen	-	-	1,270,000	0.12%	3,175,000	0.12%	1,270,000	0.05%
Mr. Lee Kwok Leung	-	-	900,000	0.09%	2,250,000	0.09%	900,000	0.03%
Dato' Tan Yee Boon	-	-	900,000	0.09%	2,250,000	0.09%	900,000	0.03%
Other public Shareholders	753,832,651	81.23%	820,232,651	80.66%	2,050,081,627	80.66%	820,232,651	32.26%
Placees	-	-	-	-	-	-	1,525,466,844	60.00%
	<u>927,967,897</u>	<u>100.00%</u>	<u>1,016,977,897</u>	<u>100.00%</u>	<u>2,542,444,741</u>	<u>100.00%</u>	<u>2,542,444,741</u>	<u>100.00%</u>

Notes:

1. Entrust Limited is controlled as to 34% by Mr. Chan Tok Yu, 25% by Ms. Chan Hoi Ying (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.
2. Faith Profit Holding Limited is wholly owned by Mr. Cheung Ngan, the Chairman and executive Director of the Company. Mr. Cheung Ngan is also interested in 1,270,000 Share Options.
3. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

If a Qualifying Shareholder does not accept the Rights Shares provisionally allotted to him/her/it in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

Any Shareholder, together with parties acting in concert with it (if any), who as a result of the Rights Issue collectively hold 30% or more of the voting rights in the Company will, subject to any waiver which may be granted by the Securities and Futures Commission, be obliged to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares not already held by it.

POSSIBLE ADJUSTMENT TO OUTSTANDING SHARE OPTIONS

As at the date of this announcement, the Company has outstanding Share Options of entitling participants to subscribe for a total of 89,010,000 Shares and has outstanding scheme mandate limit under the Share Option Scheme which was approved and adopted in the annual general meeting of the Company dated 29 August 2023 is 92,796,789 existing Shares.

Pursuant to the terms of the Share Option Scheme, the Rights Issue may lead to adjustments to, among others, the exercise price and/or the number of Shares to be issued upon exercise of the outstanding Share Options under the Share Option Schemes. The Company will notify the holders of such Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Schemes, and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares of the Company by more than 50% within 12 months period immediately preceding the date of this announcement (after taking into account the effect of the Capital Reorganisation), the Rights Issue is conditional upon the minority Shareholders' approval at the SGM, and any controlling shareholders of the Company and their associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the SGM.

As at the date of this announcement, the Company has no Controlling Shareholder as defined under the Listing Rules. Mr. Cheung Ngan (who is interested in 75,862,495 Shares and 1,270,000 outstanding Share Options, representing approximately 8.30% of the issued share capital of the Company as enlarged by allotment and issue of the Shares of such Share Options if exercised), Mr. Miguel Valldecabres Polop (who held 17,000,000 outstanding Share Options, representing approximately 1.80% of the issued share capital of the Company as enlarged by the allotment and issue of the Shares of such Share Options if exercised) and Ms. Chan Hoi Ying (who is interested in 1,270,000 outstanding Share Options, representing approximately 0.14% of the issued share capital of the Company as enlarged by the allotment and issue of the Shares of such Share Options if exercised), being executive Directors of the Company, are interested in the Shares as at the date of this announcement. Accordingly, Mr. Cheung Ngan, Mr. Miguel Valldecabres Polop and Ms. Chan Hoi Ying and their associates shall abstain from voting at the SGM in respect of the Rights Issue. Save as disclosed above, no other Shareholder is required to abstain from voting at the SGM. No Shareholder has informed the Company that he/she/it intends to vote in favour of or against the proposed resolutions in connection with the Capital Reorganisation and the Rights Issue as at the date of this announcement.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Chan Francis Ping Kuen, Mr. Lee Kwok Leung and Dato' Tan Yee Boon, to advise the Independent Shareholders in respect of the Rights Issue and as to the voting action therefor.

SGM

The SGM will be convened and held to consider and, if thought fit, approve, the Capital Reorganisation, the Rights Issue and the transactions contemplated thereunder.

The executive Directors and their respective associates and Shareholders who are involved in or interested in the Rights Issue will be required to abstain from voting in respect of the resolution(s) to approve the Rights Issue at the SGM.

DESPATCH OF PROSPECTUS DOCUMENTS AND CIRCULAR

The Circular containing, among other things, (i) details of the Capital Reorganisation; (ii) further information regarding the Rights Issue and the transactions contemplated thereunder; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue; (v) other information required under the Listing Rules; and (vi) the notice of the SGM is expected to be despatched to the Shareholders on or before Friday, 26 July 2024.

The Prospectus containing further information in relation to the Rights Issue and financial and other information relating to the Group is expected to be despatched by the Company together with the PAL on or before Thursday, 29 August 2024. A copy of the Prospectus will also be made available on the websites of the Company (www.evdynamics.com) and the Stock Exchange (www.hkexnews.hk). To the extent reasonably practicable and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, the Company will send copies of the Prospectus to Non-Qualifying Shareholders for their information only but will not send the PAL to them.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Adjusted Share(s)”	the ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding a Saturday, a Sunday, a public holiday and any day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for general banking business in Hong Kong throughout their normal business hours
“Bye-Laws”	the bye-laws of the Company as amended from time to time

“Capital Reduction”	the proposed reduction of the issued share capital of the Company by reducing the par value of each Share from HK\$0.10 to HK\$0.01 by cancelling the paid-up share capital to the extent of HK\$0.09 on each issued Share
“Capital Reorganisation”	the proposed Capital Reduction and Shares Subdivision
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular to be despatched to the Shareholders in respect of, among other things, the Capital Reorganisation, the Rights Issue and the Placing
“Companies Act”	the Companies Act 1981 of Bermuda, as amended, supplemented or otherwise modified from time to time
“Company”	Ev Dynamics (Holdings) Limited, a company incorporated under the laws of the Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 476)
“Compensatory Arrangements”	the compensatory arrangements pursuant to Rule 7.21(1)(b) of the Listing Rules as described in the paragraph headed “Procedures in respect of the Unsubscribed Shares and the NQS Unsold Shares and the Compensatory Arrangements” in this announcement
“Completion”	completion of the Rights Issue
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company prior to the Capital Reorganisation becoming effective

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Chan Francis Ping Kuen, Mr. Lee Kwok Leung and Dato’ Tan Yee Boon, which has been established to advise the Independent Shareholders in respect of the Rights Issue
“Independent Shareholders”	Shareholders other than (i) all executive Directors and their respective associates; (ii) those who are involved in or interested in the Rights Issue; and (iii) those who are required under the Listing Rules to abstain from voting at the SGM
“Independent Third Parties”	third party(ies) who are not connected persons of the Company and its subsidiaries and who are independent of the Company and connected persons of the Company
“Last Trading Day”	25 June 2024, being the last full trading day before the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 12 September 2024 (or such other time and date as may be determined by the Company), being the latest time for the acceptance of, and payment for, the Rights Shares
“Listing Committee”	the listing committee of the Stock Exchange for considering application for listing and the granting of listing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees) after deducting the aggregate amount of the Subscription Price for the Placing Shares placed by the Placing Agent under the Placing Agreement

“No Action Shareholders”	Qualifying Shareholder(s) or renouncee(s) or transferee(s) of nil-paid rights under PAL(s) during the Rights Issue who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s), or such persons who hold any nil-paid rights at the time such nil-paid rights lapse
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) whom the Board, after making enquiries, consider it necessary or expedient not to offer the Rights Issue to such Shareholder(s) on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“NQS Unsold Shares”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company as at close of business on the Record Date and whose address(es) as shown on such register at that time is(are) in (a) place(s) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placing”	arrangements to place the Unsubscribed Shares and the NQS Unsold Shares by the Placing Agent on a best effort basis to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Sorrento Securities Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities as defined under the SFO
“Placing Agreement”	the placing agreement dated 26 June 2024 entered into between the Company and the Placing Agent in relation to the placing of the Placing Shares

“Placing End Date”	Monday, 30 September 2024 or such other date as the Company and the Placing Agent may agree in writing
“Placing Long Stop Date”	4:10 p.m. on Wednesday, 2 October 2024 (being the next Business Day after the Placing End Date) or such later date as the Company and the Placing Agent may agree in writing
“Placing Period”	the period commencing from the sixth Business Day after the Latest Time for Acceptance and ending on 6:00 p.m. on the eleventh Business day after the Latest Time for Acceptance
“Placing Share(s)”	Unsubscribed Share(s) and the NQS Unsold Share(s)
“Posting Date”	Thursday, 29 August 2024 (or such other date as may be determine by the Company), being the date of dispatch of Prospectus Document to the Qualifying shareholders and the Prospectus for information only to the Non-Qualifying Shareholders
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL(s)
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholders whose name(s) appear on the register of members of the Company on the Record Date
“Record Date”	Wednesday, 28 August 2024 or such other date as the Company may determine, for the determination of the entitlements under the Rights Issue
“Registrar”	the Company’s branch share registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Issue”	the issue of Rights Shares at the Subscription Price on the basis of three Rights Shares for every two Adjusted Shares held on the Record Date payable in full on acceptance

“Rights Share(s)”	up to 1,391,951,844 Adjusted Shares to be allotted and issued pursuant to the Rights Issue (assuming no change in the number of Shares in issue on or before Record Date), or a maximum of 1,525,466,844 Adjusted Shares (assuming there is no change in the total number of issued Shares from the date of this announcement up to and including the Record Date other than the Capital Reorganisation and the new Shares to be allotted and issued upon the full exercise of the outstanding Share Options)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened for the purpose of consideration, and if thought fit approving, the Capital Reorganisation and the Rights Issue
“Share(s)”	ordinary share(s) with par value of HK\$0.10 each in the share capital of the Company
“Share Option”	the share option(s) granted by the Company pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company pursuant to an ordinary resolution of the Shareholders passed on 29 August 2023
“Share Subdivision”	the proposed subdivision of each authorised but unissued share of par value of HK\$0.10 into ten (10) Adjusted Shares of par value of HK\$0.01 each
“Shareholder(s)”	holder(s) of the share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.095 per Rights Share
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules

“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC (as may be amended from time to time)
“Unsubscribed Share(s)”	the number of unsubscribed Rights Share(s) not taken up by Qualifying Shareholder(s) or renounee(s) or transferee(s) of nil-paid rights under PAL(s) during the Rights Issue
“%”	per cent

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

Hong Kong, 26 June 2024

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Cheung Ngan, Mr. Miguel Valdecabres 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.