THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed security dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Ev Dynamics (Holdings) Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or the transferee or to the licensed security dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

(1) PROPOSED CAPITAL REORGANISATION; (2) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY TWO ADJUSTED SHARES HELD ON RECORD DATE; AND (3) NOTICE OF SGM

Financial adviser to the Company

Donvex 富域資本
Donvex Capital Limited
富域資本有限公司

Placing Agent

SORRENTO SECURITIES LIMITED
擎天證券有限公司

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

中毅資本有限公司
Grand Moore Capital Limited

Capitalized terms used in the lower portion of this cover page shall have the same respective meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 7 to 34 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 35 to 36 of this circular. A letter from the Independent Financial Adviser, containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 37 to 70 of this circular.

It should be noted that the Shares will be dealt in on an ex-rights basis from Tuesday, 20 August 2024. Dealings in the Rights Shares in nil paid form are expected to take place from Monday, 2 September 2024 to Monday, 9 September 2024 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Monday, 2 September 2024 to Monday, 9 September 2024 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares, the Adjusted Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its own professional advisers.

A notice convening the SGM to be held at Boardroom 5, M/F, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 15 August 2024 at 11:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the SGM is also enclosed. Whether or not you are able to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Registrar as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or the adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and is subject to the fulfilment of conditions. Please refer to the section headed "Letter from the Board – Conditions of the Rights Issue" in this circular. In the event that the Rights Issue is not fully subscribed, any Unsubscribed Shares together with the NQS Unsold Shares will be placed to independent placees on a best effort basis under the Placing. Any Unsubscribed Shares or NQS Unsold Shares which are not placed under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. 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. Shareholders and potential investors are advised to exercise caution when dealing in the Shares, the Adjusted Shares and/or the nil-paid Rights Shares up to the date when all the conditions to which the Rights Issue is subject are fulfilled.

26 July 2024

CONTENTS

Page

EXPECTED TIMETABLE ii

DEFINITIONS 1

LETTER FROM THE BOARD 7

LETTER FROM THE INDEPENDENT BOARD COMMITTEE 35

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER 37

APPENDIX I – FINANCIAL INFORMATION OF THE GROUP I-1

APPENDIX II – UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP II-1

APPENDIX III – GENERAL INFORMATION III-1

NOTICE OF SGM SGM-1

EXPECTED TIMETABLE

The expected timetable for the proposed Capital Reorganisation, the Rights Issue and the Placing and the associated trading arrangement is set out below. The expected timetable is subject to the results of the SGM and satisfaction of the conditions and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this circular refer to Hong Kong local times and dates.

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 circular 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" in this circular may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the excepted timetable as soon as practicable.

In this circular, unless the context otherwise requires, the following terms shall have the following meanings:

"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
"Announcement"	the announcement of the Company dated 26 June 2024 in relation to, among other things, the Capital Reorganisation, the Rights Issue and the Placing
"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 Existing 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 Existing Share
"Capital Reorganisation"	the proposed Capital Reduction and Shares Subdivision
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Chongqing Suitong"	Chongqing Suitong Vehicles Industrial Development Company Limited* (重慶穗通汽車工業發展有限公司), a limited company incorporated in the PRC and a non-wholly owned subsidiary of the Company as at the Latest Practicable Date
"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 circular
"Completion"	completion of the Rights Issue
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"CQ Planning and Natural Resources Bureau"	Chongqing Qijiang District Bureau of Planning and Natural Resources* (重慶市綦江區規劃和自然資源局)
"Director(s)"	the director(s) of the Company
"Existing Share(s)"	the ordinary share(s) of HK$0.10 each in the share capital of the Company prior to the Capital Reorganisation becoming effective
"Group"	the Company and its subsidiaries
"Guangxi Weiri"	Guangxi Weiri Mining Company Limited* (廣西威日礦業有限責任公司), a wholly-owned subsidiary of the Company as at the Latest Practicable Date
"HK$"	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 and the Placing Agreement
"Independent Financial Adviser"	Grand Moore Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
"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
"Land Use Rights"	the land use rights for three parcels of land situated in Qijiang, Chongqing
"Land Use Rights Agreement"	the land use rights transfer agreements dated 27 February 2017 and 26 July 2017 entered into between Chongqing Suitong and CQ Planning and Natural Resources Bureau for the acquisition of the Land Use Rights
"Last Trading Day"	25 June 2024, being the last full trading day before the release of the Announcement
"Latest Practicable Date"	23 July 2024 being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"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 determined 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

"PRC"	the People's Republic of China, which for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"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 Latest Practicable Date 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)
"TGLP"	Tong Guan La Plata Company Limited, which is 60% indirectly held by the Company and an associated corporation of the Company as at the Latest Practicable Date
"Unsubscribed Share(s)"	the number of unsubscribed Rights Share(s) not taken up by Qualifying Shareholder(s) or renouncee(s) or transferee(s) of nil-paid rights under PAL(s) during the Rights Issue
"%"	per cent

* *For identification purposes only*

Ev Dynamics (Holdings) Limited
科軒動力（控股）有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 476)

Executive Directors:
Mr. Cheung Ngan *(Chairman)*
Mr. Miguel Valldecabres Polop *(Chief Executive Officer)*
Ms. Chan Hoi Ying

Independent Non-executive Directors:
Mr. Chan Francis Ping Kuen
Mr. Lee Kwok Leung
Dato' Tan Yee Boon

Registered office
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business:
46th Floor
United Asia Finance Centre
333 Lockhart Road
Wanchai

26 July 2024

To the Shareholders

Dear Sir or Madam,

(1) PROPOSED CAPITAL REORGANISATION; (2) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY TWO ADJUSTED SHARES HELD ON RECORD DATE; AND (3) NOTICE OF SGM

INTRODUCTION

Reference is made to the Announcement. The purpose of this circular is to provide you with, among other things, (i) details of the Capital Reorganisation; (ii) further information regarding the Rights Issue, the Placing Agreement 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.

(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 Existing Shares such that the par value of each issued Existing 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 Existing 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 Latest Practicable Date up to and including the date of which the Capital Reorganisation shall become effective, the par value of all the issued Existing 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 Existing Share in issue.

Upon the Share Subdivision becoming effective, each of the authorised but unissued Existing 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 Latest Practicable Date, 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 Latest Practicable Date until the effective date of the Capital Reorganisation.

	As at the Latest Practicable Date	**Immediately upon the Capital Reorganisation becoming effective**
Par value	HK$0.1 per Existing Share	HK$0.01 per Adjusted Share
Authorised share capital	HK$500,000,000.00 divided into 5,000,000,000 Existing Shares	HK$500,000,000.00 divided into 50,000,000,000 Adjusted Shares
Issued and fully paid-up or credited as fully paid-up share capital	HK$92,796,789.70 divided into 927,967,897 Existing Shares	HK$9,279,678.97 divided into 927,967,897 Adjusted Shares
Unissued share capital	HK$407,203,210.30 divided into 4,072,032,103 Existing Shares	HK$490,720,321.03 divided into 49,072,032,103 Adjusted 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 Share 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 Latest Practicable Date	:	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)
Number of Rights Shares (Shares to be issued pursuant to the Rights Issue)	:	Up to: (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 (ii) 1,525,466,844 Rights Shares (assuming there is no change in the total number of issued Shares from the Latest Practicable Date 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.

Total number of Adjusted Shares in issue upon completion of the Rights Issue	:	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)
Gross proceeds from the Rights Issue	:	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)

As at the Latest Practicable Date, the Company has outstanding Share Options of entitling participants to subscribe for a total of 89,010,000 Existing 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 Latest Practicable Date.

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).

As at the Latest Practicable Date, the Board has not received any information from any Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

As at the Latest Practicable Date, the Company has not received any notice from any holders of the Share Option that they intend to exercise the Share Options held by them.

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 premium of approximately 9.20% to the adjusted closing price of HK$0.087 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK$0.087 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) 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;

(iii) 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;

(iv) 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;

(v) a discount of approximately 92.93% to the latest published audited consolidated net asset value per Share as at 31 March 2024 of approximately HK$1.343 based on the net asset value attributable to the owners of the Company as at 31 March 2024 of approximately HK$1,246.2 million as disclosed in the annual results announcement of the Company for the year ended 31 March 2024 dated 27 June 2024 and 927,967,897 Shares in issue as at the Latest Practicable Date; and

(vi) 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 Latest Practicable Date 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 headed "Reasons 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.

Considering that (a) the Subscription Price was determined based on the market price of the Shares under the prevailing market conditions and the business performance of the Group, and (b) the discount of the Subscription Price will incentivize the Shareholders to participate in the Rights Issue, the Directors are of the view that the discount of the Subscription Price to the latest net assets value per Share is fair and reasonable.

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 placees 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 and 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.

Based on the register of members of the Company as at the Latest Practicable Date, there were five Overseas Shareholders, details of which are as follows:

Address	Number of Shareholder(s)	Number of Shares held	Approximate percentage of the issued share capital of the Company
Canada	1	125	0.00001%
Macau	2	92	0.00001%
Taiwan	1	50	0.00001%
United States of America	1	500	0.00005%
Total	5	767	0.00008%

The Company will continue to ascertain whether there are any other Overseas Shareholders at the Record Date and will make further enquiries with legal advisers in other overseas jurisdictions regarding the feasibility of extending the Rights Issue to such Overseas Shareholder as at the Record Date.

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, placees 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. Such provision will cease to be exercisable on 30 September 2024. 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. Besides, the Rights Issue will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company. As such, the Board considered that the absence of excess application arrangement is acceptable.

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 EXISTING 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 circular. 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 circular.

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 Existing 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 Existing 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 owns 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. As the Company is expected to incur cash outflow of around an average of HK$1 million each month, it is expected that, in the event the Company does not receive any cash inflow during the remainder of the year including but not limited to the proceeds from the Rights Issue, the Company may not have sufficient working capital to maintain the daily operations by the end of the year.

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 Company may have to rearrange or delay the production schedule in order to minimise the outflow of working capital. Accordingly, the Group may only split the purchase orders into a number of batches which might prolong the time required for completing purchase orders on hand for delivering to its customers within the expected delivery schedule of the customers.

In addition, the Company generally delivers the electric vehicles from its production facility in the PRC to overseas customers through international freight logistics. If the number of vehicles delivered for each shipping process is limited, the average shipping cost for each vehicle may not be desirable. With limited working capital, the Company might have to schedule the purchase orders into a number of small batches for delivery, which would increase the average delivery cost and prolong the delivery schedule. For instance, the contract of one of the Group's projects on hand with a South American customer was expired due to, among other things, the limited working capital which delayed the production and delivery schedule by over a year, as the Company had no choice but to split the purchase orders into at least 18 batches that increased the overall shipping cost and prolonged the delivery schedule. The remaining consideration for the unfulfilled portion of the expired contract was over HK$270 million.

On top of the above, as the Company could not fully utilise its production capacity or ascertain a concrete production schedule due to the limitation on its working capital, the Company could not provide a competitive delivery timetable or guarantee any delivery timeline at all to the customers while negotiating new production orders with both existing and potential customers or during the tendering process. 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, which is expected to be utilised by first half of 2025;

(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, which is expected to be utilised by the year ending 31 March 2026 in the event the purchase orders under negotiation materialise;

(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, which is expected to be utilised by the first half of 2025;

(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, which is expected to be utilised by the end of 2025; and

(v) approximately 14.7% of the net proceeds or approximately HK$21.1 million for general working capital of the Group, which is expected to be utilised by the end of 2025.

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.

The Company does not at this time have any definitive plan to conduct further fund-raising. However, the Company will continue to monitor and evaluate (i) market conditions; (ii) the financial position of the Group; (iii) potential growth opportunities and (iv) future development of the Group, to evaluate if there is a need for further fund-raising.

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 LATEST PRACTICABLE DATE

The Company has not conducted any fund-raising activities involving issue of its securities in the past 12 months immediately preceding the Latest Practicable Date.

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.

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 Latest Practicable Date; (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 Latest Practicable Date up to and including the Record Date:

Shareholder	As at the Latest Practicable Date		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 Valldecabres 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%
	927,967,897	100.00%	927,967,897	100.00%	2,319,919,741	100.00%	2,319,919,741	100.00%

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 Latest Practicable Date up to and including the Record Date:

Shareholder	**As at the Latest Practicable Date**		**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 *(Note 1)*	98,272,751	10.59%	98,272,751	9.66%	245,681,877	9.66%	98,272,751	3.87%
Mr. Cheung Ngan *(Note 2)*	53,603,855	5.78%	54,873,855	5.40%	137,184,637	5.40%	54,873,855	2.16%
Faith Profit Holding Limited *(Note 2)*	22,258,640	2.40%	22,258,640	2.19%	55,646,600	2.19%	22,258,640	0.88%
Other Directors								
Mr. Miguel Valldecabres 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%	2,050,581,627	80.66%	820,232,651	32.26%
Placees	–	–	–	–	–	–	1,525,466,844	60.00%
	927,967,897	100.00%	1,016,977,897	100.00%	2,542,444,741	100.00%	2,542,444,741	100.00%

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.

POSSIBLE ADJUSTMENT TO OUTSTANDING SHARE OPTIONS

As at the Latest Practicable Date, 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 Latest Practicable Date (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 Latest Practicable Date, 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 Latest Practicable Date. 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 Latest Practicable Date.

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.

DESPATCH OF PROSPECTUS DOCUMENTS

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.

GENERAL

The SGM will be convened and held at which resolutions will be proposed to consider, and, if thought fit, to approve, among other things, the Capital Reorganisation, the Rights Issue and the Placing Agreement. The register of members of the Company will be closed from Friday, 9 August 2024 to Thursday, 15 August 2024 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the SGM.

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.

In order to be registered as members of the Company on the record date for attendance and voting at the SGM, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong on Thursday, 8 August 2024.

The notice convening the SGM to be held at Boardroom 5, M/F, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 15 August 2024 at 11:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular.

A form of proxy for use at the SGM is also enclosed. Whether or not you intend to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to Tricor Tengis Limited, the branch share registrar of the Company in Hong Kong, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 48 hours before the time appointed for holding the SGM (i.e. 11:00 a.m. on Thursday, 15 August 2024, Hong Kong time) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish.

In compliance with the Listing Rules, all the resolutions to be proposed at the SGM will be voted on by way of poll at the SGM.

RECOMMENDATION

The Independent Board Committee, which comprises all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue and the Placing Agreement, and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to make recommendations to the Independent Shareholders on how to vote at the SGM on the relevant resolutions. Grand Moore Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Your attention is drawn to the letter from the Independent Board Committee set out on pages 35 to 36 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue, and the letter from the Independent Financial Adviser set out on pages 37 to 70 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

The Directors consider that the terms of the Capital Reorganisation are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Further, the Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) consider that the terms of the Rights Issue and the Placing Agreement, and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) recommend the Shareholders and the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
On behalf of the Board
Ev Dynamics (Holdings) Limited
Cheung Ngan
Chairman

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Rights Issue and the transactions contemplated thereunder.

Ev Dynamics (Holdings) Limited
科軒動力（控股）有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 476)

26 July 2024

To the Shareholders,

Dear Sir or Madam,

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

We refer to the circular of the Company dated 26 July 2024 (the "**Circular**") of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Rights Issue and the Placing Agreement, and the transactions contemplated thereunder are on normal commercial terms, in the interests of the Company and the Shareholders as a whole, and the terms of which are fair and reasonable insofar as the Independent Shareholders are concerned.

Grand Moore Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect. Having taken into account the terms of the Rights Issue and the Placing Agreement, and the advice from the Independent Financial Adviser, we are of the opinion that the terms of the Rights Issue and the Placing Agreement, and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend you to vote in favour of the resolutions to be proposed at the SGM to approve the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of the
Independent Board Committee of
Ev Dynamics (Holdings) Limited

Mr. Chan Francis Ping Kuen	**Mr. Lee Kwok Leung**	**Dato' Tan Yee Boon**
Independent	*Independent*	*Independent*
Non-executive Director	*Non-executive Director*	*Non-executive Director*

The following is the full text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the Placing Agreement and the transactions contemplated thereunder, and prepared for the purpose of incorporation into this circular.

中毅資本有限公司
Grand Moore Capital Limited

Unit 1401, 14/F, Lippo Sun Plaza, 28 Canton Road
Tsim Sha Tsui, Kowloon, Hong Kong

26 July 2024

To the Independent Board Committee and
the Independent Shareholders of
Ev Dynamics (Holdings) Limited

Dear Sirs,

PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY TWO ADJUSTED SHARES HELD ON RECORD DATE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to (i) advise the Independent Board Committee and the Independent Shareholders in respect of whether the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder (collectively the "**Transactions**") are fair and reasonable as far as the Independent Shareholders are concerned; (ii) give our recommendation as to whether the Transactions are in the interest of the Company and the Shareholders as a whole; and (iii) advise the Independent Shareholders on how to vote at the SGM. Details of the Transactions are set forth in the "Letter from the Board" (the "**Board Letter**") contained in the circular (the "**Circular**") issued by the Company to the Shareholders dated 26 July 2024, of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

As stated in the Board Letter, 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.

THE INDEPENDENT BOARD COMMITTEE

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, has been established to advise the Independent Shareholders as to whether the Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to make recommendations to the Independent Shareholders on how to vote at the SGM. We, Grand Moore Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Transactions.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were not connected with the Company or any of its respective substantial Shareholders, Directors or chief executives, or any of their respective associates and accordingly, are considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the Transactions.

In the past two years, we have not acted in any financial adviser role to the Company. Save for the appointment as the Independent Financial Adviser, there was no other relationship and/or engagement between the Company and us in the past two years.

With regards to our independence from the Company, it is noted that (i) apart from normal professional fees paid or payable to us in connection with the current appointment as the Independent Financial Adviser, no other arrangements exist whereby we had received or will receive any fees or benefits from the Company, its subsidiaries or their respective controlling Shareholders that could reasonably be regarded as relevant to our independence; and (ii) the aggregate professional fees paid or to be paid to us do not make up a significant portion of our revenue during the relevant period which would affect our independence. Accordingly, we consider that we are independent to act as the Independent Financial Adviser in respect of the Transactions pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the Company's annual report for the year ended 31 March 2024 (the "**2024 Annual Report**"); (iii) other information provided by the Directors and/or the senior management of the Company (the "**Management**"); (iv) the opinions expressed by and the representations of the Directors and the Management; and (v) our review of the relevant public information. We have assumed that all information and representations that have been provided by the Directors and the Management, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date up to the SGM, Shareholders would be notified as soon as possible. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers, the Directors and/or the Management (where applicable), which have been provided to us. The Directors have confirmed that, to the best of their knowledge, they believe that no material fact or information has been omitted from the information supplied to us and that the representations made or opinions expressed have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading.

We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Chapters 13 and 14A of the Listing Rules. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information, opinions or representations given or made by or on behalf of the Company, nor conducted any independent in-depth investigation into the business affairs, assets and liabilities or future prospects of the Company, their respective subsidiaries or associates (if applicable) or any of the other parties involved in the Transactions, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transactions. The Company has been separately advised by its own professional advisers with respect to the Transactions and the preparation of the Circular (other than this letter).

We have assumed that the Transactions will be consummated in accordance with the terms and conditions set forth in the Circular without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents as required for the Transactions, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Transactions. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date.

In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in relation to the Transactions, we have taken into account the following principal factors and reasons:

1. Background information and financial overview of the Group

As stated in the Board Letter, 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 owns the Glauberite Mine located in the Guangxi Zhuang Autonomous Region of the PRC (The Group's wholly-owned subsidiary, Guangxi Weiri Mining Company Limited ("**Guangxi Weiri**"), owns the aforesaid Glauberite Mine. Pursuant to notice from the People's Court of Qingxiu District Nanning Municipality dated 12 June 2023, which was received by the management of the Company on 5 July 2023, the mining rights of the Glauberite Mine held by Guangxi Weiri were frozen for judicial preservation in relation to an arbitration against Guangxi Weiri for a period of three years from 26 May 2023 to 26 May 2026. Please refer to the paragraph headed "Litigation against Guangxi Weiri" in the 2024 Annual Report for further details). Certain summary financial information of the Group as extracted from the 2024 Annual Report for the years ended 31 March 2023 and 2024 ("**FY2023**" and "**FY2024**" respectively) is set out below:

	For the year ended 31 March	
	2024	**2023**
	HK$'000	*HK$'000*
	(audited)	*(audited)*
Revenue	42,239	36,347
Gross profit/(loss)	2,701	(633)
Loss attributable to owners of the Company	319,337	81,160

The Group's revenue increased from approximately HK$36,347,000 for FY2023 to approximately HK$42,239,000 for FY2024, representing an increase of approximately HK$5,892,000 or 16.2%. As per the 2024 Annual Report, the revenue of the Group for FY2023 was derived from the sales of electric vehicles, and the increase in the Group's revenue was mainly due to the increase in selling price of the products.

The Group recorded a gross loss of approximately HK$633,000 for FY2023 and a turnaround to gross profit of approximately HK$2,701,000 for FY2024. The turnaround in the Group's gross profit was mainly attributable to abovementioned increase in selling price of the products in relation to the electric vehicles. As per the 2024 Annual Report, by excluding the loss on write-down of inventories of approximately HK$4,821,000 and HK$6,879,000 for FY2023 and FY2024 respectively, the gross profit ratio of the Group for FY2024 was approximately 22.7%, representing an increase of approximately 11.2%, as compared to that of approximately 11.5% for FY2023. The aforementioned write-down of inventories was attributable to the dead stocks including the unsold traditional bus and other aging raw materials.

The Group recorded a loss attributable to owners of the Company of approximately HK$319,337,000 for FY2024, representing an increase of approximately HK$238,177,000 or 293.5%, as compared to that of approximately HK$81,160,000 for FY2023. Such increase in loss attributable to owners of the Company was mainly due to (i) the increase in impairment loss on mining assets in Guangxi from approximately HK$96,364,000 for FY2023 to approximately HK$170,631,000 for FY2024, representing an increase of approximately HK$74,267,000 or 77.1%; and (ii) a negative change in fair value and realised loss on disposal of financial assets at fair value through profit or loss amounted to approximately HK$72,060,000 for FY2024, representing a turnaround from the positive change in fair value on disposal of financial assets at fair value through profit or loss of approximately HK$87,712,000 for FY2023.

Set out below are certain key consolidated financial information of the Group as extracted from the consolidated statement of financial position set out in the 2024 Annual Report.

	As at 31 March	
	2024	**2023**
	HK$'000	*HK$'000*
	(audited)	*(audited)*
Cash and bank balances	13,901	1,429
Current assets	121,679	213,713
Non-current assets	1,229,489	1,496,157
Net current assets/(liabilities)	(6,811)	137,370
Total assets	1,351,168	1,709,870
Current liabilities	128,490	76,343
Non-current liabilities	6,379	15,211
Total liabilities	134,869	91,554
Equity attributable to owners of the Company	1,246,213	1,658,925

The Group's cash and bank balances amounted to approximately HK$13,901,000 as at 31 March 2024, representing an increase of approximately HK$12,472,000 or 872.8%, as compared to that of approximately HK$1,429,000 as at 31 March 2023. The abovementioned cash and bank balances as at 31 March 2024 of approximately HK$13,901,000 represents approximately 9.7% of the estimated maximum net proceeds of the Rights Issue of approximately HK$143,900,000 and is therefore grossly insufficient for the purpose of the Rights Issue's use of proceeds.

The Group recorded net current liabilities of approximately HK$6,811,000 as at 31 March 2024, representing a turnaround from the net current assets of approximately HK$137,370,000 as at 31 March 2023. Such turnaround was mainly attributable to the combined effects of a decrease in current assets of approximately HK$92,034,000 or 43.1% and an increase in current liabilities of approximately HK$52,147,000 or 68.3% as at 31 March 2024. We note from the 2024 Annual Report that the decrease in current assets was mainly attributable to the decrease in inventories, other receivables, deposits and prepayments and financial assets at fair value through profit or loss. Meanwhile, the increase in current liabilities was mainly due to the increase in other payables and accruals. The deterioration in liquidity and solvency gives rise to a decrease in current ratio from approximately 2.80 times as at 31 March 2023 to approximately 0.95 times as at 31 March 2024.

The Group's total liabilities increased by approximately HK$43,315,000 or 47.3%, from approximately HK$91,554,000 as at 31 March 2023 to approximately HK$134,869,000 as at 31 March 2024. Such increase was mainly attributable to the abovementioned increase in other payables and accruals.

The Group recorded equity attributable to the owners of the Company of approximately HK$1,246,213,000 as at 31 March 2024, representing a decrease of approximately HK$412,712,000 or 24.9%, as compared to that of approximately HK$1,658,925,000 as at 31 March 2023. This was mainly attributable to the loss attributable to owners of the Company during FY2024.

2. Reasons for the proposed Rights Issue, the Placing and the use of proceeds

As stated in the Board Letter, 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 owns 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. As the Company is expected to incur cash outflow of around an average of HK$1 million each month, it is expected that, in the event the Company does not receive any cash inflow during the remainder of the year including but not limited to the proceeds from the Rights Issue, the Company may not have sufficient working capital to maintain the daily operations by the end of the year.

For FY2024, 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 Company may have to rearrange or delay the production schedule in order to minimise the outflow of working capital. Accordingly, the Group may only split the purchase orders into a number of batches which might prolong the time required for completing purchase orders on hand for delivering to its customers within the expected delivery schedule of the customers.

In addition, the Company generally delivers the electric vehicles from its production facility in the PRC to overseas customers through international freight logistics. If the number of vehicles delivered for each shipping process is limited, the average shipping cost for each vehicle may not be desirable. With limited working capital, the Company might have to schedule the purchase orders into a number of small batches for delivery, which would increase the average delivery cost and prolong the delivery schedule. For instance, the contract of one of the Group's projects on hand with a South American customer was expired due to, among other things, the limited working capital which delayed the production and delivery schedule by over a year, as the Company had no choice but to split the purchase orders into at least 18 batches that increased the overall shipping cost and prolonged the delivery schedule. The remaining consideration for the unfulfilled portion of the expired contract was over HK$270 million.

On top of the above, as the Company could not fully utilise its production capacity or ascertain a concrete production schedule due to the limitation on its working capital, the Company could not provide a competitive delivery timetable or guarantee any delivery timeline at all to the customers while negotiating new production orders with both existing and potential customers or during the tendering process. 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

As stated in the Board Letter, 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, which is expected to be utilised by first half of 2025;

(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, which is expected to be utilised by the year ending 31 March 2026 in the event the purchase orders under negotiation materialise;

(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, which is expected to be utilised by the first half of 2025;

(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, which is expected to be utilised by the end of 2025; and

(v) approximately 14.7% of the net proceeds or approximately HK$21.1 million for general working capital of the Group, which is expected to be utilised by the end of 2025.

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.

The Company does not at this time have any definitive plan to conduct further fund-raising. However, the Company will continue to monitor and evaluate (i) market conditions; (ii) the financial position of the Group; (iii) potential growth opportunities and (iv) future development of the Group, to evaluate if there is a need for further fund-raising.

We have reviewed the letter of acceptance (i.e. contract award letter) issued by the Fire Services Department to a subsidiary of the Group in September 2023, in which the Fire Services Department awarded the Group a supply contract of electronic mobile command unit at a total estimated price of HK$8,980,000.

In respect of material and relevant production cost for completing production orders of electric vehicles on hand, we have also reviewed an overseas sale contract with total contract sum of approximately RMB117 million (as supplemented by a supplemental contract) (the "**Sale Contract**") were signed with an OEM manufacturer in August 2023 provided by the Management pursuant to which a subsidiary of the Group as a buyer will have to settle approximately RMB58.8 million for completing the production and modification of first batch of units.

In respect of material and relevant production cost for production orders of electric and utility vehicles for potential customers, the Management provided us a letter of expression of interest submitted by a subsidiary of the Group in May 2024 to the Prime Minister and Administrative Coordinator of the Government of the Republic of Equatorial Guinea to express interest in participating in the Government of Equatorial Guinea's procurement of buses and producing 150 city buses for the Republic of Equatorial Guinea. The Management advised that the expected contract sum amounts to up to RMB68 million, and the terms of the contract is still under negotiation between the subsidiary of the Group and representative of Government of the Republic of Equatorial Guinea. As at the Latest Practicable Date, no legally binding or formal contracts with the Government of Equatorial Guinea has been entered into. Apart from this, the management also advised that the Group is in negotiation with certain potential customers, among which a potential client invited the Group for quotation of 9-metre vehicles and 12-metre vehicles, respectively.

In respect of homologation, marketing and promotion and after-sales support of the electric vehicles, we have been provided by the Management and reviewed (i) service invoice sent to the Group regarding homologation service provided to the Group; (ii) service contract between a financial public relation company and the Company commenced since 2017 (the "**PR Contract**"); (iii) quotation from financial public relation company regarding marketing and promotion service; and (iv) expense report of after-sales support of the electric vehicles provided by the Group in 2021 and 2022. As discussed with the Management, the PR Contract has been terminated in early 2024 in view of the Group's cash and liquidity situation, and should the Group's liquidity position improve and there be proceeds from the Rights Issue, the Management will consider to renew such PR Contract to maintain its media relationship and earn favourable image by drawing attention to newsworthy activities of the Group and its customers. The Management advised that a number of potential customers contacted the Group and enquired about the Group's products after reading marketing and promotional articles and press releases of the Group, and we understand that marketing and promotions are crucial for the Group to source new customers.

Furthermore, in respect of settlement of salaries, rental, legal and professional fees and other administrative expenses for twelve months, we discussed with the Management and they intended to apply such proceeds from the Rights Issue on, among others, salary and wages, legal and professional fees, directors' fees, rental expense and audit's remuneration. The aggregate sum of the aforesaid expense for FY2024, for reference purpose, amounted to approximately HK$31.2 million. We have reviewed the working capital forecast of the Group for the period from July 2024 to June 2025 and noted the followings:

	Expected cash outflow for the 12 months between July 2024 and June 2025 *(HK$'000)*
Salaries	11,556
Rental	5,165
Legal and professional expenses	3,220
Other administrative expenses	5,412
	25,353

In respect of general working capital of the Group, we noted from the aforementioned working capital forecast that if 10% discount is adopted in the sensitivity analysis, the extra working capital required for the 18 months period between July 2024 and December 2025 amounted to approximately HK$13 million. The Management also advised that the latest cash balance of the Group as at 30 June 2024 amounted to merely HK$4 million (31 May 2024: HK$5.6 million). We consider a working capital buffer of around HK$8 million is reasonable and necessary to replenish the Group's current cash position.

Having considered the aforementioned factors, we consider (i) the Group has funding needs to conduct the Rights Issue; and (ii) the allocation of the net proceeds from the Rights Issue is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

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.

We have discussed with the Management and understand that the Management has attempted to seek for debt financing with no luck. We have been provided by the Management (i) a term loan application rejection letter from a Japanese financial institution located in Hong Kong issued in May 2024; (ii) a non-disclosure agreement regarding possible financing provided by another party for the funding to settle the cost of production and modification of certain vehicles pursuant to the Sale Contract; and (iii) rejection email from one of the most famous banks in Hong Kong regarding the Group's credit application in late 2023.

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.

In regards to equity fundraising methods available to the Company, we enquired the Management and understand that the Directors considered the placing of new Shares. We noted that should the Company conduct placement of new Shares under the Company's general mandate of 20% of the number of issued Shares, assuming the placing price is the same as the current Share price, the Group will be able to raise merely approximately HK$15 million in net proceeds, which is just one-tenth of and far from the amount required for the Group's current plans. The Directors also noted that should the Group conduct a new share placement under a specific mandate, in order to achieve the amount required for its current plans, such placing would will inevitably and immediately dilute the interests of existing Shareholders without giving them the opportunity to take part in the exercise. As opposed to an open offer, the Rights Issue enables Shareholders to sell their Nil-Paid Rights Shares in the market. The Management advised that they have been approached by an interested private investor for possible new share subscription. Such investor has conducted due diligence and assessment on the business of the Group and such due diligence report has been provided to us. Unfortunately, the discussion between the Management and the interested private investor has been unsuccessful, and the new share subscription did not crystalise.

We also discussed with the Management and understand that the Directors are of the opinion that the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group. Having considered the above alternatives, the Directors are of the view that the Rights Issue is in the best interests of the Company and the Shareholders as a whole and that the Rights Issue is an appropriate fundraising method to strengthen the capital base of the Company, which in turn will support the Company's continuing development and business growth, while allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company.

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.

Taking into account the pros and cons of each of the alternative fund-raising methods, we are of the view that the Rights Issue, which provides all Qualifying Shareholders an opportunity to participate in the future development of the Company on equal terms to maintain their shareholdings in the Company, is the most preferred means of fund raising under the Group's current circumstances. Based on the foregoing, we are of the view that the Rights Issue allows the Group to improve its liquidity and is in the interests of the Company and the Shareholders as a whole.

3. The proposed Rights Issue

As stated in the Board Letter, 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.

3.1 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 Latest Practicable Date	:	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)
Number of Rights Shares (Shares to be issued pursuant to the Rights Issue)	:	Up to: (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 (ii) 1,525,466,844 Rights Shares (assuming there is no change in the total number of issued Shares from the Latest Practicable Date 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.

Total number of Adjusted Shares in issue upon completion of the Rights Issue	:	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)
Gross proceeds from the Rights Issue	:	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)

As at the Latest Practicable Date, the Company has outstanding Share Options of entitling participants to subscribe for a total of 89,010,000 Existing 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 Latest Practicable Date.

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).

As at the Latest Practicable Date, the Board has not received any information from any Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

As at the Latest Practicable Date, the Company has not received any notice from any holders of the Share Option that they intend to exercise the Share Options held by them.

3.2 Non-underwritten basis

As stated in the Board Letter, 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 placees 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.

3.3 The Subscription Price

As stated in the Board Letter, 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 premium of approximately 9.20% to the adjusted closing price of HK$0.087 per Adjusted Share (after taking into account the effect of the Capital Reorganisation) based on the closing price of HK$0.087 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) 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;

(iii) 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;

(iv) 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;

(v) a discount of approximately 92.93% to the latest published audited consolidated net asset value per Share as at 31 March 2024 of approximately HK$1.343 based on the net asset value attributable to the owners of the Company as at 31 March 2024 of approximately HK$1,246.2 million as disclosed in the annual results announcement of the Company for the year ended 31 March 2024 dated 27 June 2024 and 927,967,897 Shares in issue as at the Latest Practicable Date; and

(vi) 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 Latest Practicable Date 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 headed "Reasons for the Rights Issue in the Board Letter, 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.

Considering that (a) the Subscription Price was determined based on the market price of the Shares under the prevailing market conditions and the business performance of the Group, and (b) the discount of the Subscription Price will incentivize the Shareholders to participate in the Rights Issue, the Directors are of the view that the discount of the Subscription Price to the latest net assets value per Share is fair and reasonable.

The Directors 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.

3.4 The Placing Agreement for Unsubscribed Shares and the NQS Unsold Shares

As stated in the Board Letter, details of the Placing Agreement are summarised as follows:

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, placees 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.
Condition 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. Such provision will cease to be exercisable on 30 September 2024. 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.

As stated in the Board Letter, 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.

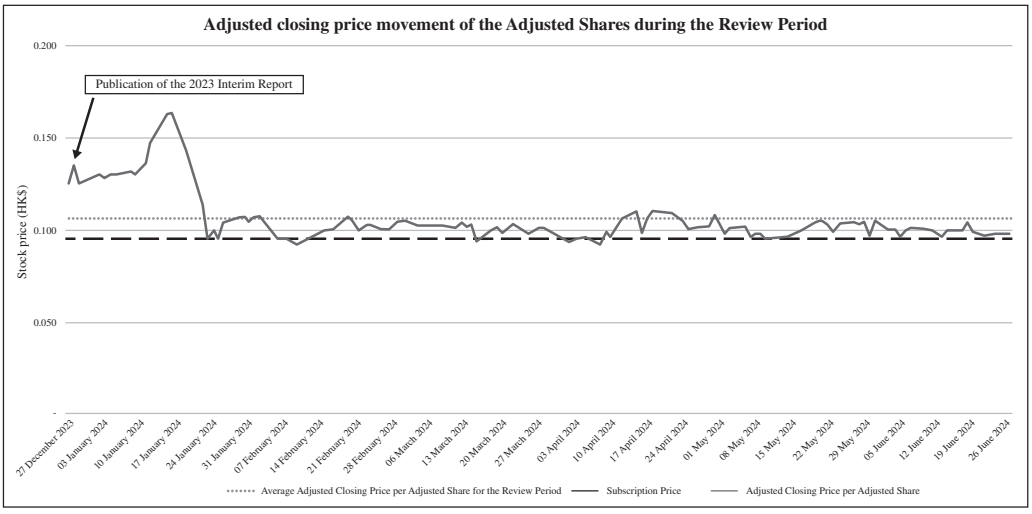
The Board considered that the Compensatory Arrangements are fair and reasonable and provide adequate safeguard to protect the interests of the Company's minority Shareholders since the Compensatory Arrangements would provide (i) a distribution channel of the Placing Shares to the Company; (ii) an additional 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. Besides, the Rights Issue will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company. As such, the Board considered that the absence of excess application arrangement is acceptable.

4. Historical price and trading volume of the Shares

In order to assess the fairness and reasonableness of the Subscription Price, we have taken into account (i) the theoretical adjusted closing price per Adjusted Share during the 6 months ended the date of the Announcement, i.e. 26 June 2024 (the "**Review Period**"), with a view to provide a meaningful comparison to the Subscription Price under the Rights Issue, which is conditional upon, among others, the Capital Reorganisation having become effective (the "**Adjusted Closing Price**"); and (ii) the average daily trading volumes of the Existing Shares for each of the months/periods during the Review Period.

In relation to the 6 months Review Period adopted in our analysis, we note that (i) it represents a reasonable period to provide a general overview of the recent price performance of the Adjusted Shares which has fully reflected relevant information of the Group's performance; (ii) a shorter period (e.g. 3 months) may not sufficiently illustrate a meaningful historical trend for a proper assessment; and (iii) a longer period (e.g. 12 months) may have been too distant in time making such historical trend less relevant within the context of the Rights Issue and with reference to the dynamic financial markets. Accordingly, we consider that the sampling period of 6 months for the Review Period is appropriate when conducting an analysis on the historical Adjusted Closing Price of the Adjusted Shares, trading volume and the Subscription Price.

4.1 Adjusted closing price movement of the Adjusted Shares during the Review Period



Source: website of the Stock Exchange

As illustrated in the chart above, the Adjusted Closing Price of the Adjusted Shares exhibited a generally unstable trend during the early parts of the Review Period. Starting from the Adjusted Closing Price of approximately HK$0.125 per Adjusted Share at the beginning of the Review Period on 27 December 2023, the Adjusted Closing Price of the Adjusted Shares increased to approximately HK$0.135 per Adjusted Share on 28 December 2023, the day on which the Company published the interim report for the six months ended 30 September 2023 (the "**2023 Interim Report**"). Subsequent to the publication of the 2023 Interim Report, the Adjusted Closing Price of the Adjusted Shares experienced a generally ascending trend to approximately HK$0.164 per Adjusted Share on 16 January 2024. The Adjusted Closing Price of the Adjusted Shares then experienced a sharp decrease reaching approximately HK$0.095 per Adjusted Share on 23 January 2024. The Adjusted Closing Price of the Adjusted Shares then entered into a phase of stable trend ranging from a low Adjusted Closing Price of approximately HK$0.092 per Adjusted Share on 9 February 2024 and 8 April 2024, to a high Adjusted Closing Price of approximately HK$0.110 per Adjusted Share on 15 April 2024, 18 April 2024 and 19 April 2024, and ultimately reaching the Adjusted Closing Price of approximately HK$0.098 per Adjusted Share on the date of the Announcement on 26 June 2024.

In relation to the decline of the Adjusted Closing Price of the Adjusted Shares from approximately HK$0.164 per Adjusted Share on 16 January 2024 to approximately HK$0.095 per Adjusted Share on 23 January 2024, we note that such decrease in Adjusted Closing Price of the Adjusted Shares was coupled with a marked increase in trading volume on 17 January 2024 and 22 January 2024 of 6,950,000 Existing Shares and 6,000,000 Existing Shares, respectively. Nevertheless, trading volume in those two days only represented less than 1% of the total issued Existing Shares as at the Latest Practicable Date. We are unable to point out the definitive reason for such fluctuations in our capacity as the Independent Financial Adviser. We have made inquiry to the Management which is also not aware of any other reasons for the aforementioned sharp decline in the closing price of the Adjusted Shares. We are not aware of any information which caused the substantial change in the Adjusted Closing Price of the Adjusted Shares.

In addition, the Subscription Price of HK$0.095 per Rights Share represents a discount of approximately 10.4%, as compared to the average Adjusted Closing Price of the Adjusted Shares during the Review Period of approximately HK$0.106 per Adjusted Share.

Taking into account the immensely thin trading volume of the Existing Shares as discussed in section 4.3 of this letter below, we consider a discount of the Subscription Price to the recent trading price of the Adjusted Shares is necessary to enhance the attractiveness of the Rights Issue given the ratio of three Rights Shares for every two Adjusted Shares and the recent market prices of the Adjusted Shares.

In view of (i) the reasons for and benefits of the Rights Issue as discussed in section 2 of this letter, in particular, the net proceeds to be applied for the material and relevant production cost for production orders of electric and utility vehicles for potential customers amid the postponement of purchase orders from the customers of the Group in order to maintain their working capital due to the cautious economic sentiment and the prevailing high interest rate environment; (ii) the Rights Shares are offered to all Qualifying Shareholders and 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; (iii) the immensely thin trading volume of the Existing Shares as discussed in section 4.3 of this letter; and (iv) the Subscription Price of the Rights Issue is compared favorably against the Comparables (as defined below) as detailed in section 5 of this letter, we consider the discount of the Subscription Price to the Average Adjusted Closing Price per Adjusted Shares incentivizes the Shareholders to participate in the future growth of the Group, and is fair and reasonable to the Company and the Shareholders as a whole.

4.2 Average daily trading volume for each month/period during the Review Period

The table below sets out the average daily trading volume of the Existing Shares for each month/period during the Review Period.

Month/period	**Number of trading days**	**Average daily trading volume of the Existing Shares during the month/period** *(Note 1)* *(approximate)*	**Average daily trading volume of the Shares during the month/period to the total number of issued Existing Shares** *(Note 2)* *(approximate)*
2023			
December			
(from 27 December 2023)	3	573,000	0.06%
2024			
January	22	2,121,634	0.23%
February	19	387,324	0.04%
March	20	253,856	0.03%
April	20	1,024,977	0.11%
May	21	462,407	0.05%
June (up to the date of the Announcement, i.e. 26 June 2024)	17	240,940	0.03%

Source: website of the Stock Exchange

Notes:

1. It is calculated by dividing the total trading volume of the Existing Shares for the month/period by the number of trading days during the month/period.

2. As at the Latest Practicable Date, the total number of issued Existing Shares is 927,967,897.

During the Review Period, the average daily trading volume of the Existing Shares in each month/period ranged from a low of 240,940 Existing Shares in June 2024 to a high of 2,121,634 Existing Shares in January 2024, representing approximately 0.03% and 0.23% to the total number of issued Existing Shares as at the end of the corresponding month, respectively.

4.3 Our observations

We considered the trading liquidity of the Existing Shares were very thin during the Review Period, with average daily trading volume of the Existing Shares for all months/periods being less than 0.15% to the total number of issued Existing Shares as at the end of their respective month/period (except for January 2024). We anticipate that the Qualifying Shareholders may have difficulties in acquiring or selling a significant number of Existing Shares in the open market without exerting impact on the market price of the Existing Shares if the same trading pattern of the Existing Shares persists during and after the completion of the Rights Issue. We are therefore of the view that it is reasonable to set the Subscription Price at a discount to the average Adjusted Closing Price of the Adjusted Shares and it would encourage the Qualifying Shareholders to participate in the Rights Issue and to maintain their respective shareholding interests in the Company.

5. Comparative analysis on the proposed terms of the Rights Issue

5.1 The Comparables

In order to assess the fairness and reasonableness of the proposed terms of the Rights Issue, we have identified an exhaustive list of 12 companies (the "**Comparable(s)**") listed on the Main Board or GEM of the Stock Exchange which announced a rights issue during 3-month period ended on the date of the Announcement, i.e. 26 June 2024.

Although the Comparables include rights issues in different scale, engaged in different business or have different financial performance and funding needs from the Company, having considered (i) all of the Comparables and the Group are listed on the Stock Exchange; (ii) our analysis is mainly concerned with the principal terms of the rights issues and we are not aware of any established evidence showing any correlation between scale of the rights issue and its underlying principal terms; (iii) including transactions conducted by the Comparables with different funding needs and business represents a more comprehensive overall market sentiment in our comparable analysis; (iv) a 3-month period for the selection of the Comparables has generated a reasonable and meaningful number of sample size of 12 Hong Kong listed issuers to reflect the market practice regarding recent rights issue, whereas if a longer period (e.g. 6 months) is used, that would have generated way too many comparable rights issues making the analysis less meaningful with a wider range of premium and discount of the relevant subscription prices; and (v) the 12 Comparables identified during the aforementioned period were exhaustively included without any artificial selection or filtering on our part so the Comparables represent a true and fair view of the recent market trends for similar transactions conducted by other Hong Kong listed issuers, we consider that the Comparables are fair and representative samples.

Based on the above, we are of the view that our comparable analysis based on the above criteria is meaningful for us to form our view regarding the fairness and reasonableness of the Subscription Price. To the best of our knowledge and as far as we are aware of, the Comparables represent an exhaustive list of all relevant companies fitting our search criterion as mentioned above, and we consider that such Comparables can provide a reference on the recent rights issues given the sufficient number of transactions in such period resulting in a reasonable sample size.

It should be noted that all the subject companies constituting the Comparables may have different principal activities, market capitalisation, profitability and financial position as compared with those of the Company, and the circumstances leading to the subject companies to proceed with the rights issues may also be different from that of the Company.

The following table sets forth the relevant details of the Comparables:

				Closing price: premium/(discount)											
Company name (Stock Code)	Announcement date	Basis of entitlement	Maximum amount of total fund raised *HK$'million*	Date of announcement	5-day average	10-day average	(Discount)/premium of subscription price (to)/over the theoretical ex-rights/entitlement price	Potential maximum dilution of shareholding *(Note 1)*	Theoretical dilution effect *(Note 5)*	Premium/(discount) to consolidated net asset value per share	Compensatory Arrangements/ Excess Application (CA/EA)	Fully Underwritten/ Partially Underwritten/ Placing (FU/PU/P)	Underwriting Commission	Placing Commission	Minimum Underwriting/ Placing fee *HK$*
Chong Fai Jewellery Group Holdings Company Limited (stock code: 8537)	25 Jun 2024	3 for 1	27	(32.2%)	(32.6%)	(38.1%)	(10.4%)	75.0%	(24.6%)	(87.4%)	EA	P *(Note 3)*	NA *(Note 3)*	1.0% *(Note 6)*	130,000 *(Note 6)*
Bonny International Holdings Limited (stock code: 1906)	19 Jun 2024	1 for 4	74	(43.0%)	(43.6%)	(44.8%)	(38.2%)	20.0%	(8.7%)	(14.9%)	EA	NA *(Notes 3 and 4)*	NA *(Note 3)*	NA *(Note 4)*	NA *(Notes 3 and 4)*
MMG Limited (stock code: 1208)	4 Jun 2024	2 for 5	9,079	(31.4%)	(35.6%)	(35.9%)	(24.7%)	28.6%	(10.2%)	(32.5%)	EA	FU *(Note 4)*	2.0% *(Note 7)*	NA *(Note 4)*	N
Icon Culture Global Company Limited (stock code: 8500)	29 May 2024	1 for 1	54	(36.7%)	(37.2%)	NA *(Note 2)*	(22.8%)	50.0%	(18.6%)	NA *(Note 2)*	CA	P *(Note 3)*	NA *(Note 3)*	0.5%	N
Futian Holdings Limited (stock code: 8196)	16 May 2024	1 for 2	45	0.0% *(Note 8)*	(10.7%)	(14.0%)	0.0% *(Note 9)*	33.3%	(4.6%)	8.7%	EA	NA *(Notes 3 and 4)*	NA *(Note 3)*	NA *(Note 4)*	NA *(Notes 3 and 4)*
Sky Blue 11 Company Limited (stock code: 1010)	10 May 2024	1 for 1	147	(33.3%)	(34.9%)	(35.2%)	(20.0%)	50.0%	(17.9%)	NA *(Note 10)*	CA	P *(Note 3)*	NA *(Note 3)*	5.0%	N
Goldway Education Group Limited (stock code: 8160)	30 Apr 2024	3 for 1	16	(27.5%)	(27.9%)	(26.8%)	(8.7%)	75.0%	(20.9%)	(88.4%)	CA	P *(Note 3)*	NA *(Note 3)*	1.0%	N

Company name (Stock Code)	Announcement date	Basis of entitlement	Maximum amount of total fund raised *HK$'million*	Closing price: premium/(discount) Date of announcement	5-day average	10-day average	(Discount)/premium of subscription price (to)/over the theoretical ex-rights/entitlement price	Potential maximum dilution of shareholding *(Note 1)*	Theoretical dilution effect *(Note 5)*	Premium/(discount) to consolidated net asset value per share	Compensatory Arrangements/ Excess Application (CA/EA)	Fully Underwritten/ Partially Underwritten/ Placing (FU/PU/P)	Underwriting Commission	Placing Commission	Minimum Underwriting/ Placing fee *HK$*
Flying Financial Service Holdings Limited (stock code: 8030)	26 Apr 2024	3 for 1	64	(24.2%)	(22.8%)	(22.4%)	(7.4%)	75.0%	(23.7%)	(64.8%)	CA	P *(Note 3)*	NA *(Note 3)*	3.0% *(Note 11)*	800,000 *(Note 11)*
Shin Hwa World Limited (stock code: 582)	18 Apr 2024	2 for 1	264	(33.3%)	(32.3%)	(32.8%)	(22.3%)	66.7%	(22.2%)	(98.2%)	EA	PU *(Note 4)*	1.0%	NA *(Note 4)*	N
Walnut Capital Limited (stock code: 905)	9 Apr 2024	1 for 2	57	(45.1%)	(31.9%)	(26.0%)	(35.5%)	33.3%	(14.9%)	62.0%	CA	P *(Note 3)*	NA *(Note 3)*	1.0%	N
China Uptown Group Company Limited (stock code: 2330)	8 Apr 2024	2 for 1	92	(31.8%)	(31.8%)	(31.8%)	(22.7%)	66.7%	(22.7%)	(71.2%)	EA	P *(Note 3)*	NA *(Note 3)*	2.5%	N
Heng Tai Consumables Group Limited (stock code: 197)	8 Apr 2024	1 for 2	18	0.0% *(Note 12)*	0.0% *(Note 13)*	(0.9%)	0.0% *(Note 14)*	33.3%	0.0% *(Note 15)*	(96.2%)	EA	NA *(Notes 3 and 4)*	NA *(Note 3)*	NA *(Note 4)*	NA *(Notes 3 and 4)*
		Average:	*828*	*(28.2%)*	*(28.4%)*	*(28.1%)*	*(17.7%)*	*50.6%*	*(15.7%)*	*(48.3%)*			*1.5%*	*2.0%*	
		Min:	*16*	*(45.1%)*	*(43.6%)*	*(44.8%)*	*(38.2%)*	*20.0%*	*(24.6%)*	*(98.2%)*			*1.0%*	*0.5%*	
		Max:	*9,079*	*0.0%*	*0.0%*	*(0.9%)*	*0.0%*	*75.0%*	*0.0%*	*62.0%*			*2.0%*	*5.0%*	
		Median:	*60*	*(32.0%)*	*(32.1%)*	*(31.8%)*	*(21.2%)*	*50.0%*	*(18.2%)*	*(68.0%)*			*1.5%*	*1.0%*	
The Company	**26 Jun 2024**	**3 for 2**	**145**	**(3.1%)**	**(3.1%)**	**(3.9%)**	**NA *(Note 2)***	**60.0%**	**(1.8%)**	**NA *(Note 2)***	**CA**	**P *(Note 3)***	**NA *(Note 3)***	**1.5%**	**150,000**

Source: website of the Stock Exchange

Notes:

1. The potential maximum dilution effect of each Comparable/the Company is calculated by the number of new rights shares divided by the total number of issued shares as enlarged by the issue of the new rights shares.

2. This information is not disclosed in the relevant announcement of the respective Comparable/the Company.

3. The rights issue of this Comparable/the Company is on a non-underwritten basis as disclosed in the relevant announcement.

4. There is no placing arrangement for this Comparable/the Company as disclosed in the relevant announcement.

5. Theoretical dilution effect of an offer is calculated according to Rule 7.27B of the Listing Rules and refers to the discount of the "theoretical dilution price" to the "benchmarked price" of shares. "Theoretical diluted price" refers to the sum of (i) the issuer's total market capitalization (by reference to the "benchmarked price" and the number of issued shares immediately before the issue); and (ii) the total funds raised and to be raised from the issue, divided by the total number of shares as enlarged by the issue. While the "benchmarked price" means the higher of: (i) the closing price on the date of the agreement involving the issue; and (ii) the average closing price in the 5 trading days immediately prior to the earlier of: (1) the date of announcement of the issue; (2) the date of the agreement involving the issue; and (3) the date on which the issue price is fixed.

6. It is stated in the announcement of this Comparable dated 25 June 2024 that "a commission of 1% of the aggregate placing price in respect of the actual subscription number of Placing Shares subscribed or procured to be subscribed by the Placing Agent pursuant to the terms of the Placing Agreement, or HK$130,000 whichever is higher, and unless previously paid by the Company, any amount due to the Placing Agent hereunder may be deducted from the proceeds of the Rights Issue to be paid by the Placing Agent to the Company".

7. It is stated in the announcement of this Comparable dated 4 June 2024 that "(i) an underwriting commission of 2% of the aggregate subscription price of the Underwritten Shares; and (ii) an additional discretionary incentive fee up to 0.5% of the aggregate subscription price of the Underwritten Shares, at the sole discretion of the Company". In this regard, an underwriting commission of 2.0% (without accounting for the additional discretionary incentive fee of the aforesaid) is adopted for this Comparable for illustrative purposes.

8. It is stated in the announcement of this Comparable dated 16 May 2024 that "the Subscription Price represents no discount to or premium over the closing price of HK$0.3 per Share as quoted on the Stock Exchange on the Last Trading Day". In this regard, no premium or discount of its subscription price over or to the closing price on the last trading day is adopted for this Comparable.

9. It is stated in the announcement of this Comparable dated 16 May 2024 that "the Subscription Price represents no discount to or premium over the theoretical ex-rights price of HK$0.3 based on the closing price of HK$0.3 per Share as quoted on the Stock Exchange on the Last Trading Day". In this regard, no premium or discount of its subscription price over or to theoretical ex-rights price is adopted for this Comparable.

10. It is stated in the announcement of this Comparable dated 10 May 2024 that "the reference of Subscription Price to the consolidated net asset value per Share is not applicable as the Company is currently at net liabilities position". In this regard, no premium or discount of its subscription price to the consolidated net asset value per share is adopted for illustrative purposes.

11. It is stated in the announcement of this Comparable dated 26 April 2024 that "(i) 3% of the amount which is equal to the placing price multiplied by the Unsubscribed Rights Shares and NQS Unsold Rights Shares, that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement or (ii) HK$800,000, whichever is higher, and reimbursed for the expenses in relation to the placing of the Unsubscribed Rights Shares and NQS Unsold Rights Shares, which the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the Company at completion".

12. It is stated in the announcement of this Comparable dated 8 April 2024 that "the Subscription Price equals to the closing price of HK$0.350 per Share as quoted on the Stock Exchange on the Last Trading Day". In this regard, no premium or discount of its subscription price over or to the closing price on the last trading day is adopted for this Comparable.

13. It is stated in the announcement of this Comparable dated 8 April 2024 that "the Subscription Price equals to the average closing price of HK$0.350 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day". In this regard, no premium or discount of its subscription price over or to the average closing price for the five consecutive trading days up to and including the last trading day is adopted for this Comparable.

14. It is stated in the announcement of this Comparable dated 8 April 2024 that "the Subscription Price equals to the theoretical ex-rights price of HK$0.350 per Share based on the closing price of HK$0.350 per Share as quoted on the Stock Exchange on the Last Trading Day". In this regard, no premium or discount of its subscription price over or to theoretical ex-rights price is adopted for this Comparable.

15. It is stated in the announcement of this Comparable dated 8 April 2024 that "the Subscription Price represents no theoretical dilution effect (as defined under rule 7.27B of the Listing Rules) of the theoretical diluted price of HK$0.350 per Share to the benchmarked price of HK$0.350 per Share". In this regard, no theoretical dilution effect is adopted for this Comparable.

5.2 The Subscription Price and dilution

As illustrated in the table above, we note that variance of the subscription price to the closing price on the respective last trading day of the Comparables ranges from a discount of approximately 45.1% to nil, with an average figure being a discount of approximately 28.2%. The Subscription Price's discount to closing price on the Last Trading Day of approximately 3.1% therefore falls within the range of the discount to the last trading day of the Comparables and represents a lower discount than the average figure thereof and is far lower than the maximum discount figure thereof.

We note that the variance of the subscription price to the average closing price of the last five trading days of the Comparables ranges from a discount of approximately 43.6% to nil, with an average figure being a discount of approximately 28.4%. The Subscription Price's discount to the average closing price for the last five consecutive trading days up to and including the Last Trading Day of approximately 3.1% therefore falls within the range of discount to the average closing price of the last five trading days of the Comparables and represents a lower discount than the average figure thereof and is far lower than the maximum discount figure thereof.

We note that the variance of the subscription price to the average closing price of the last ten trading days of the Comparables ranges from a discount of approximately 44.8% to a discount of approximately 0.9%, with an average figure being a discount of approximately 28.1%. The Subscription Price's discount to the average closing price for the last ten consecutive trading days up to and including the Last Trading Day of approximately 3.9% therefore falls within the range of discount to the average closing price of the last ten trading days of the Comparables and represents a lower discount than the average figure thereof and is far lower than the maximum discount figure thereof.

We understand that, as stated in the Board Letter, 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 headed "Reasons for the Rights Issue, the Placing and the Use of Proceeds" in the Board Letter, and the amount of funds the Company intends to raise under the Rights Issue.

It is noted that the potential maximum dilution on shareholding of the Comparables ranged from approximately 20.0% to approximately 75.0% (the "**Shareholding Dilution Range**") with an average of approximately 50.6% and a median of approximately 50.0%. The potential dilution effect of the Rights Issue of approximately 60.0% therefore falls within the Shareholding Dilution Range and represents a higher discount than the average and median figure thereof. We note that the dilution effect is determined by the basis of entitlement of the rights issue which also determines the number of rights shares available for subscription. Moreover, given the reasons for and benefits of the Rights Issue as discussed in section 2 of this letter, in particular, the net proceeds to be applied for the material and relevant production cost for production orders of electric and utility vehicles for potential customers amid the postponement of purchase orders from the customers of the Group in order to maintain their working capital due to the cautious economic sentiment and the prevailing high interest rate environment, we consider the potential dilution effect of the Rights Issue acceptable.

It is noted that the theoretical dilution effect of the Comparables ranged from a discount of approximately 24.6% to nil (the "**Theoretical Dilution Effect Range**") with an average discount of approximately 15.7% and a median discount of approximately 18.2%. The Rights Issue's theoretical dilution effect of a discount of approximately 1.8% therefore falls within the Theoretical Dilution Effect Range and represents a lower discount than the average figure and the median figure thereof. The theoretical dilution effect of the Rights Issue is within the 25% threshold as permitted under Rule 7.27B of the Listing Rules. In addition, given that the Rights Issue's theoretical dilution effect of a discount of approximately 1.8% falls within the Theoretical Dilution Effect Range, we consider that such theoretical dilution effect is in line with the market practice, is not out of the ordinary and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In view of the facts that:

(i) the Subscription Price represents lower discount than the average closing price of the last trading day, the average closing price of the last five trading days and the average closing price of the last ten trading days of the Comparables respectively, and it falls within the ranges of such Comparables and such discount is far lower than the maximum discount figures of such Comparables;

(ii) the Subscription Price is payable in full when the Qualifying Shareholders accept the relevant provisional allotment of Rights Shares or when transferees of nil-paid Rights Shares accept the provisional allotment of the relevant Rights Shares;

(iii) a discount as represented by the Subscription Price may increase the overall appeal or attractiveness of the Rights Issue to the Qualifying Shareholders in light of the unsatisfactory circumstances faced by the Company as discussed in section 1 of this letter;

(iv) the potential dilution effect of Rights Issue falls within the Shareholding Dilution Range and represents a higher dilution in shareholding than the average and median figure thereof but such a situation might have been necessitated by the Company's funding needs as discussed in section 2 of this letter; and

(v) the theoretical dilution effect of Rights Issue falls within the Theoretical Dilution Effect Range and represents a smaller dilution than the average and median figure thereof and such a situation might have been necessitated by the Company's funding needs as discussed in section 2 of this letter,

we consider that the principal terms of the Rights Issue (including the Subscription Price) and potential dilution of the Rights Issue are fair and reasonable to the Shareholders and in the interest of the Company and the Shareholders as a whole.

5.3 Placing commission

As illustrated in the analysis set out in section 5.1 of this letter, the placing commission of the Comparables range from a low of 0.5% to a high of 5.0%, with the average figure being approximately 2.0%. Accordingly, the placing commission of 1.5% pursuant to the Placing Agreement falls within range of the Comparables and is below the average figure thereof.

In addition, out of the Comparables, one was conducted on fully underwritten basis and one was conducted on best effort underwritten basis (which is similar to the placing commission under the Placing Agreement given it is only on a best effort basis). For reference only, the underwriting commission of such Comparables amounted to 1.0% and 2.0% respectively, with the average figure being approximately 1.5%. Accordingly, the placing commission of 1.5% pursuant to the Placing Agreement is within the range of such Comparables and is equivalent to the average figure thereof.

Given the relatively lower placing commission set out in the Placing Agreement will lead to lower costs to the Group, we consider that the placing commission payable to the Placing Agent is in line with the market practice and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5.4 Compensatory Arrangements

With reference to the Board Letter, the Company will make the Compensatory Arrangements to dispose of the Placing Shares by offering these Shares to independent placees for the benefit of the Shareholders to whom they are offered by way of the Rights Issue. We are of the view that the Compensatory Arrangements are in compliance with Rule 7.21(1)(b) of the Listing Rules. As there are already Compensatory Arrangements in place for the Rights Issue, there will be no excess application arrangements in relation to the Rights Issue in compliance with Rule 7.21(1) of the Listing Rules. As stated in the Board Letter, the Rights Issue will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company. As such, the Board considered that the absence of excess application arrangement is acceptable. We enquired with the Management and understand that excess application is considered by the Management as a passive arrangement to facilitate additional participation of the Qualifying Shareholders. Taking into account (i) Qualifying Shareholders are given equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company; and (ii) the low liquidity of the Shares before the Last Trading Day, the Directors consider, and we concur, that it would be more desirable for the Company to adopt a more active measure by way of the Compensatory Arrangements to mitigate the uncertainty of the fund raising exercise.

As illustrated in the analysis set out in section 5.1 of this letter, we note that 5 out of 12 Comparables have facilitated compensatory arrangements. Furthermore, the Rights Issue will give the Qualifying Shareholders an equal opportunity to maintain their respective pro rata shareholding interests in the Company, for the Qualifying Shareholders who accept their respective entitlements under the Rights Issue in full, they would be able to maintain their respective existing shareholdings in the Company after completion of the Rights Issue. Therefore, we consider that the Compensatory Arrangements are not uncommon in the market, are not out of the ordinary and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

6. Possible dilution effect of the Rights Issue on interests of existing public Shareholders

The attention of the Independent Shareholders is drawn to the section headed "Effect of the Rights Issue on the shareholding structure of the Company" in the Board Letter for the analysis on shareholding under various scenarios. As noted in the aforementioned section, the shareholding of the 'Other Public Shareholders' is approximately 81.23% as at the Latest Practicable Date. The shareholding interests of the Qualifying Shareholders will not suffer from any dilution (a) immediately after the Capital Reorganisation and either nil or full exercise of the outstanding Share Options; and (b) immediately after the Capital Reorganisation and the Completion assuming full acceptance by all Qualifying Shareholders under Rights Issue.

Under the scenario immediately after the Capital Reorganisation, new Shares to be allotted and issued upon the full exercise of the outstanding Share Options 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, the shareholding of the 'Other Public Shareholders' will be diluted to approximately 32.26%, representing a decrease in shareholding by approximately 48.97%.

We are aware of the above-mentioned potential dilution effects. However, we consider that the dilutive effect should be considered in conjunction with the following factors:

(1) Independent Shareholders are given the chance to express their views on the terms of the Rights Issue through their votes at the SGM;

(2) Qualifying Shareholders have the choice to accept or not accept the Rights Issue;

(3) the Rights Issue offers the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively lower price as compared to the historical market prices of the Shares prior to the Last Trading Day;

(4) those Qualifying Shareholders who choose to accept the Rights Issue in full can maintain their respective existing shareholding interests in the Company after the Rights Issue;

(5) The Company will make Compensatory Arrangements to dispose of the Placing Shares by offering the Placing Shares to independent placees for benefit of the Shareholders to whom they are offered by way of the Rights Issue; and

(6) 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.

Having considered that:

(i) the principal terms of the Rights Issue are fair and reasonable, as discussed in sections 5.2, 5.3 and 5.4 of this letter;

(ii) any form of non-pro rata equity fund raising activities would also have an immediate dilution effect to other Shareholders;

(iii) if the Company satisfies future funding needs through other equity financing such as placing and open offer or raising additional debts to satisfy its funding needs, such equity/debt financing methods will either have an immediate dilution effect to all existing Shareholders or further increase gearing of the Group, as discussed in section 2 of this letter;

(iv) the Rights Issue is conducted on the basis that all Qualifying Shareholders have been offered the equal opportunity to maintain their proportional interests in the Company at a lower than historical prevailing market price;

(v) the Company will make Compensatory Arrangements to dispose of the Placing Shares by offering the Placing Shares to independent placees for benefit of the Shareholders to whom they are offered by way of the Rights Issue;

(vi) the reasons for the Rights Issue, the Placing and the use of proceeds, as discussed in section 2 of this letter; and

(vii) our further reasonings regarding the Shareholding Dilution Range and the Theoretical Dilution Effect Range, as discussed in section 5.2 of this letter,

we are of the view that the dilution effect to the shareholding interests of the non-participating Shareholders is acceptable.

7. Financial effects of the Rights Issue

7.1 Net asset value

Taking into account the proceeds from Rights Issue, it is expected that the net assets of the Group will increase as a result of the Rights Issue. Further, we note from the "Unaudited Pro Forma Financial Information of the Group" set out in Appendix II to the Circular that the consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2024 is approximately HK$1,242,574,000, while the consolidated net tangible assets per Adjusted Share attributable to owners of the Company as at 31 March 2024 is approximately HK$1.34. The Group is expected to raise net proceeds from the Rights Issue of approximately HK$129,368,000 (assuming no change in the number of Shares in issue on or before the Record Date other than the Capital Reorganisation and full acceptance of Rights Shares by existing Shareholders or all the Placing Shares having been placed by Placing Agent).

After pro forma adjustments, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Rights Issue would improve to approximately HK$1,371,942,000, while the unaudited pro forma adjusted consolidated net tangible assets per Adjusted Share attributable to owners of the Company immediately after the completion of the Rights Issue would deteriorate by approximately 56.0% to approximately HK$0.59.

Such decrease is due to the fact that the Subscription Price of HK$0.095 per Rights Share is fixed at a considerable discount to the consolidated net tangible assets per Adjusted Share attributable to owners of the Company prior to the completion of the Rights Issue. Despite the decrease in consolidated net tangible assets per Adjusted Share attributable to owners of the Company as a result of the Rights Issue, the Rights Issue is expected to have a positive impact on the Group's overall net assets position upon completion of the Rights Issue.

7.2 Working capital

The Rights Issue is expected to have a positive effect on the Group's working capital upon completion as the Rights Issue will bring in net proceeds of approximately HK$143,900,000 (assuming full subscription under the Rights Issue) to the Group, where approximately 14.7% of the net proceeds or approximately HK$21,100,000 is allocated for the general working capital of the Group, with reference to the Board Letter.

7.3 Liquidity

As per the 2024 Annual Report, the Group had current assets of approximately HK$121,679,000 and current liabilities of approximately HK$128,490,000 as at 31 March 2024. Accordingly, the Group is at a net current liability position and the Group's current ratio (current assets/current liabilities) as at 31 March 2024 was approximately 0.95 times.

The estimated net proceeds from the Rights Issue are expected to enhance the Group's current assets by approximately HK$143,900,000 (assuming full subscription under the Rights Issue) and the Rights Issue is expected to improve the Group's liquidity position immediately after its completion.

It should be noted that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial position of the Group will be upon completion of the Rights Issue.

RECOMMENDATION

Having considered the above principal factors and in particular:

(i) the Group experienced (a) a deteriorating cash flows and liquidity with balance of the cash and cash equivalent of the Group amounted to merely approximately HK$5.6 million as at 31 May 2024 and (b) loss attributable to owners of the Company of approximately HK$81,160,000 and approximately HK$319,337,000 for FY2023 and FY2024, respectively, as discussed in section 1 of this letter;

(ii) the Group intends to apply approximately HK$46,000,000 (representing approximately 32.0% of the net proceeds of approximately HK$143,900,000) for the material and relevant production cost for completing production orders of electric vehicles on hand, as discussed in section 2 of this letter;

(iii) the Group intends to apply approximately HK$47,800,000 (representing approximately 33.2% of the net proceeds of approximately HK$143,900,000) for the material and relevant production cost for production orders of electric and utility vehicles for potential customers, as discussed in section 2 of this letter;

(iv) other equity or debt financing options are either, not viable means fulfil the Group's funding needs, have an immediate dilutive effect on existing Shareholders, not in the best interest of the Shareholders, as discussed in section 2 of this letter;

(v) the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company by subscribing to the Rights Shares at a lower than historical prevailing price, or to dispose of the Placing Shares by way of Compensatory Arrangements;

(vi) the principal terms of the Rights Issue (including the Subscription Price) of the Rights Issue are fair and reasonable to the Shareholders and in the interest of the Company and the Shareholders as a whole, as discussed in section 5.2 of this letter;

(vii) the placing commission charged by the Placing Agent is fair and reasonable, as discussed in section 5.3 of this letter and in the interests of the Company and the Shareholders as a whole;

(viii) the Compensatory Arrangements are considered a more active measure to mitigate the uncertainty of the fund raising exercise as compared to excess application given the low liquidity in the Company's Shares, are not uncommon in the market, are not out of the ordinary and are fair and reasonable, as discussed in section 5.4 of this letter, and in the interests of the Company and the Shareholders as a whole; and

(ix) given the Company's circumstances, the potential dilution effect to the non-participating Shareholders is acceptable, as discussed in section 6 of this letter,

we are of the opinion that, although the Transactions are not in the Company's ordinary and usual course of business, the Transactions are fair and reasonable and in the interest of the Company and Shareholders as a whole. Accordingly, we would advise (i) the Independent Board Committee to recommend the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the resolution(s) to be proposed at the SGM to approve the Transactions.

Yours faithfully,
For and on behalf of
Grand Moore Capital Limited

Kevin So	**Florence Ng**
Managing Director – Investment Banking Department	*Associate Director*

Notes:

Mr. Kevin So is a licensed person under the SFO to undertake type 6 regulated activity (advising on corporate finance) and is a responsible officer in respect of Grand Moore Capital Limited's type 6 regulated activity (advising on corporate finance). Mr. So has over 20 years of experience in the corporate finance industry in Hong Kong.

Ms. Florence Ng is a licensed person under the SFO to undertake type 6 regulated activity (advising on corporate finance) and is a responsible officer in respect of Grand Moore Capital Limited's type 6 regulated activity (advising on corporate finance). Ms. Ng has over 10 years of experience in the corporate finance industry in Hong Kong.

1. SUMMARY OF FINANCIAL INFORMATION

The audited consolidated financial statements of the Group for the year ended 31 March 2022 have been set out on pages 69 to 162 in the annual report 2022 of the Company which was published on 27 July 2022 on the Stock Exchange's website (http://www.hkexnews.hk) and the Company's website (http://www.evdynamics.com). Please also see below the link to the annual report 2022 of the Company:

https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0727/2022072700349.pdf

The audited consolidated financial statements of the Group for the year ended 31 March 2023 have been set out on pages 73 to 180 in the annual report 2023 of the Company which was published on 27 July 2023 on the Stock Exchange's website (http://www.hkexnews.hk) and the Company's website (http://www.evdynamics.com). Please also see below the link to the annual report 2023 of the Company:

https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0727/2023072700429.pdf

The audited consolidated financial statements of the Group for the year ended 31 March 2024 have been set out on pages 72 to 178 in the annual report 2024 of the Company which was published on 22 July 2024 on the Stock Exchange's website (http://www.hkexnews.hk) and the Company's website (http://www.evdynamics.com). Please also see below the link to the annual report 2024 of the Company:

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0722/2024072200359.pdf

2. INDEBTEDNESS STATEMENT

As at the close of business on 30 June 2024, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this circular, the details of the Group's indebtedness are as follows:

	As at 30 June 2024 *HK$'000*
Current liabilities	
Lease liabilities – unsecured and unguaranteed	4,406
Loan from Shareholders – unsecured and unguaranteed	12,447
	16,853
Non-current liabilities	
Lease liabilities – unsecured and unguaranteed	1,035
Total	17,888
Capital commitment	
Acquisition of property, plant and equipment	18,784
Capital expenditure in respect of the construction of the ores processing plant	3,658
Capital expenditure in respect of the mining operations	17,201
Capital expenditure in respect of the development of electric vehicles	772
Total	40,415

Save as disclosed above, the Group did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance (other than normal trade bills), acceptance credits, hire purchase commitments, outstanding convertible debt securities or other similar indebtedness, any guarantees or other material contingent liabilities at the close of business on 30 June 2024.

3. WORKING CAPITAL OF THE GROUP

The Directors, after due and careful enquiry, are of the opinion that, (i) in the event the Company does not receive any cash inflow for at least 12 months from the date of this circular, including but not limited to the proceeds from the Rights Issue, the Company may not have sufficient working capital for its present requirements for at least 12 months from the date of this circular; and (ii) taking into account the financial resources presently available to the Group including the internally generated funds, the existing cash and bank balances and the estimated net proceeds from the Rights Issue (assuming an acceptance level of at least 50% from the Qualifying Shareholders), the Group will have sufficient working capital for its present requirements for at least 12 months from the date of this circular. The Company has obtained the relevant confirmations as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2024, the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in the development and sales of electric vehicles, mining and metal and minerals trading.

As disclosed in the annual report of the Company for the year ended 31 March 2024 ("**FY2024**"), the Group's revenue increased by approximately HK5.9 million from approximately HK$36.3 million for the year ended 31 March 2023 ("**FY2023**") to $42.2 million for FY2024. Excluding the write-down of inventories, the gross profit increased to approximately HK$9.6 million for FY2024 (FY2023: HK$4.2 million). The increase in revenue and gross profit was mainly due to the increase in selling price of the electric vehicles. However, the Group recorded a loss of approximately HK$326.8 million for FY2024 as compared to a loss of approximately HK$81.4 million for FY2023. The significant increase in loss was mainly due to (i) the increase in impairment loss on mining assets in Guangxi of approximately HK$170.6 million (FY2023: HK$96.4 million); and (ii) the change in fair value and realised loss on disposal of financial assets at fair value through profit or loss amounting to approximately HK$72.1 million in FY2024 (FY2023: positive change in fair value of HK$87.7 million).

In FY2024, the Group successfully exported 100 units of electric vehicle products to overseas markets, contributing more than HK$42 million revenue to the Group. A further batch of 250 units have been completed but the delivery has been held up because of modification requests from the customer. In addition, due to the recent sluggish economic sentiment and rising market interest rate, the overall delivery schedule remains slower than expected. Nevertheless, the Group has continued exploring solutions and opportunities in different market sectors to retrieve its growth, including emerging markets and developing economies.

Looking forward, new energy sectors, which are the major trend in addressing air pollution and enhancing economic sustainability, are becoming a key focus of global interest. The Company will continue to ride on the development momentum of the new energy business in the future while striving to balance the profitability and growth of the existing business and exploring novel opportunities. The Company will continue to allocate and manage the resources properly and effectively to maintain the stable growth of the Company and bring long-term values for the Shareholders.

A. STATEMENT OF UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules is set out below to illustrate the effects of the Rights Issue on the consolidated net tangible assets of the Group attributable to the owners of the Company as if the Rights Issue had taken place on 31 March 2024.

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company has been prepared for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, may not give a true picture of the consolidated financial position of the Group following the Rights Issue.

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company is based on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 March 2024, adjusted as described below:

	Audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 March 2024 *(Note 1)* *HK$'000*	**Estimate net proceeds from the Rights Issue** *(Note 2)* *HK$'000*	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of the Rights Issue** *HK$'000*
	1,242,574	129,368	1,371,942
Audited consolidated net tangible assets of the Group attributable to the owners of the Company per Adjusted Share as at 31 March 2024 *(Note 3)*			HK$1.34
Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Adjusted Share immediately after the completion of the Rights Issue *(Note 4)*			HK$0.59

Notes:

1. The audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 March 2024 is based on the consolidated net assets of the Group attributable to owners of the Company of approximately HK$1,246,213,000, after deducting other intangible assets of approximately HK$3,639,000 as at 31 March 2024, extracted from the published annual report of the Group for the year ended 31 March 2024.

2. The estimated net proceeds from the Rights Issue of approximately HK$129,368,000 is calculated based on 1,391,951,844 Rights Shares to be issued (on the basis of three Rights Shares for every two Adjusted Shares held as at the Record Date and assuming there is no change in the number of Shares in issue on or before the Record Date other than the Capital Reorganisation) at the subscription price of HK$0.095 per Rights Share, after deduction of the estimated related expenses of approximately HK$2,867,000, assuming that the Rights Issue had been completed on 31 March 2024.

3. The audited consolidated net tangible assets of the Group attributable to the owners of the Company per Adjusted Share at 31 March 2024 is calculated based on (i) the audited consolidated net tangible assets of the Group attributable to the owners of the Company at 31 March 2024 of approximately HK$1,242,574,000 and (ii) 927,967,897 Adjusted Shares in issue at 31 March 2024 as if the Capital Reorganisation had become effective on 31 March 2024.

4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Adjusted Share immediately after the completion of the Rights Issue is calculated based on (i) the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of the Rights Issue of approximately HK$1,371,942,000 and (ii) 2,319,919,741 Adjusted Shares, comprising 927,967,897 Adjusted Shares in issue at 31 March 2024 as if the Capital Reorganisation had become effective on 31 March 2024 and 1,391,951,844 Rights Shares to be issued assuming that the Rights Issue had been completed on 31 March 2024.

5. No adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2024.

B. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this Circular from the independent reporting accountant, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants

26 July 2024

The Board of Directors
Ev Dynamics (Holdings) Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Ev Dynamics (Holdings) Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma adjusted consolidated net tangible assets as at 31 March 2024 as set out on pages II-2 to II-3 of the circular (the "**Circular**") issued by the Company. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are described in Section A of Appendix II to the Circular.

The pro forma financial information has been compiled by the directors to illustrate the impact of the Rights Issue on the Group's consolidated net tangible assets as at 31 March 2024 as if the transaction had been taken place at 31 March 2024. As part of this process, information about the Group's consolidated net tangible assets has been extracted by the directors from the Group's audited consolidated financial statements for the year ended 31 March 2024, on which an audit report has been published.

Directors' Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline ("**AG**") 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2024 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We make no comments regarding the reasonableness of the amount of net proceeds from the Rights Issue, the application of those net proceeds, or whether such use will actually take place as described under "Reasons for the Rights Issue, the Placing and the Use of Proceeds" set out on pages 26 to 28 of the Circular.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Fong Tak Ching
Practising Certificate Number P06353
Hong Kong

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately following the completion of the Capital Reorganisation but before the completion of the Rights Issue; and (iii) immediately following the completion of the Rights Issue (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to and including the Record Date other than as a result of the Capital Reorganisation) are as follows:

(a) As at the Latest Practicable Date:

	Number of Shares	**Nominal value of shares** *HK$*
Authorised:	5,000,000,000	500,000,000.00
Issued and fully paid:	927,967,897	92,796,789.70

(b) Immediately after the Capital Reorganisation becomes effective:

	Number of Shares	**Nominal value of shares** *HK$*
Authorised:	50,000,000,000	500,000,000.00
Issued and fully paid:	927,967,897	9,279,678.97

(c) Immediately after the completion of the Rights Issue:

	Number of Shares	Nominal value of shares *HK$*
Authorised:	50,000,000,000	500,000,000.00
Issued and fully paid:	927,967,897	9,279,678.97
Rights Shares to be issued:	1,391,951,844	13,919,518.44
Shares in issue immediately after the Rights Issue:	2,319,919,741	23,199,197.41

(d) Immediately after the completion of the Rights Issue upon the full exercise of the outstanding Share Options:

	Number of Shares	Nominal value of shares *HK$*
Authorised:	50,000,000,000	500,000,000.00
Issued and fully paid:	927,967,897	9,279,678.97
Share Options to be exercised:	89,010,000	890,100.00
Rights Shares to be issued:	1,525,466,844	15,254,668.44
Shares in issue immediately after the Rights Issue:	2,542,444,741	25,424,447.41

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.

The Company will apply to the Listing Committee for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures

As at the Latest Practicable Date, the interests or short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers contained in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

Name of Director/ Chief Executive	Capacity	Number of Shares held – long position	Approximate percentage of the issued share capital of the Company
Mr. Cheung Ngan	Beneficial owner & interest of controlled corporation	77,132,495 *(Note 1)*	8.31%
	Interest of controlled corporation	1,000 *(Note 2)*	20%
Mr. Miguel Valldecabres Polop	Beneficial owner	17,000,000 *(Note 3)*	1.83%
Ms. Chan Hoi Ying	Beneficial owner	1,270,000 *(Note 3)*	0.14%
Mr. Chan Francis Ping Kuen	Beneficial owner	1,270,000 *(Note 3)*	0.14%
Mr. Lee Kwok Leung	Beneficial owner	900,000 *(Note 3)*	0.10%
Dato' Tan Yee Boon	Beneficial owner	900,000 *(Note 3)*	0.10%

Notes:

1. The 77,132,495 shares include:

   (a) the number of shares of 53,603,855 held by Mr. Cheung Ngan;

   (b) the underlying shares of 1,270,000 from the Share Options granted; and

   (c) the number of shares of 22,258,640 held by Faith Profit Holding Limited, which was wholly owned by Mr. Cheung Ngan.

2. The 1,000 shares represent the indirect interest in TGLP, which is 60% indirectly held by the Company and hence is an associated corporation. The 20% beneficial interest in TGLP is held by Catania Copper (Chile) Limited. Catania Copper (Chile) Limited is 40% held by Great Base Holdings Limited and 60% held by Catania Mining Limited. Catania Mining Limited is 55% held by CM Universal Corporation. Faith Profit Holding Limited held 50% interest in Great Base Holdings Limited. Mr. Cheung Ngan held 100% interest in Faith Profit Holding Limited and 51% interest in CM Universal Corporation.

3. Being options to acquire the Shares of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company and their associates had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers contained in Appendix 10 to the Listing Rules to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' and other persons' interests and short positions in Shares and underlying Shares

As at the Latest Practicable Date, so far as is known to the Directors, the persons or companies (other than the Directors and the chief executives of the Company) who/which had an interest or short position in the shares or underlying shares of the Company, which would fall to be disclosed under the provision of Divisions 2 and 3 of Part XV of the SFO, or which would be required, to be entered in the register required to be kept by the Company pursuant to section 336 of the SFO, are set out below:

Name of substantial Shareholders	Capacity	Number of Shares held	Approximate percentage of the issued share capital of the Company
Entrust Limited	Beneficial owner	98,272,751 *(Note)*	10.59%

Name of substantial Shareholders	Capacity	Number of Shares held	Approximate percentage of the issued share capital of the Company
Mr. Chan Tok Yu	Interest of controlled corporation	98,272,751 *(Note)*	10.59%
Ms. Siu Kwan	Interest of controlled corporation	98,272,751 *(Note)*	10.59%

Note: 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.

Save as disclosed above, the Directors are not aware of any other persons or companies (other than the Directors and the chief executive of the Company) who/which had interests or short positions in the Shares or underlying Shares of the Company, which would fall to be disclosed under the provision of Divisions 2 and 3 of Part XV of the SFO or were required to be entered in the register required to be kept by the Company under section 336 of the SFO.

4. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors were interested in any business which competed or was likely to compete directly or indirectly with the businesses of the Group.

5. DIRECTORS' INTERESTS IN CONTRACTS AND ASSET

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 March 2024, the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the date of this circular and which was significant in relation to the business of the Group.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any member of the Group which will not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

7. LITIGATION

(a) Litigation against Guangxi Weiri

On 9 December 2022, a contractor in Guangxi ("**Guangxi Contractor**") has commenced an arbitration against Guangxi Weiri (the "**Arbitration**"). The Guangxi Contractor applied to the People's Court of Qingxiu District Nanning Municipality (the "**Qingxiu Court**") requesting Guangxi Weiri for the payment of the contract sum and respective interest in the aggregate amount of approximately RMB2.5 million in relation to a construction and exploration contract entered into by Guangxi Weiri and the Guangxi Contractor in December 2014. On 13 April 2023, the first hearing was held by the Qingxiu Court in relation to the Arbitration. On 25 May 2023, the Guangxi Contractor applied to the Qingxiu Court for the judicial preservation of assets of Guangxi Weiri in the amount of approximately RMB2.5 million.

Pursuant to the notice from the Qingxiu Court dated 12 June 2023, which was received by the management of the Company on 5 July 2023, the mining rights of the glauberite mine (the "**Glauberite Mine**") held by Guangxi Weiri (the "**Mining Rights**") were frozen for judicial preservation (the "**Preservation**") in relation to the Arbitration for a period of three years from 26 May 2023 to 26 May 2026. On 30 June 2023, the Group received the decision from the Qingxiu Court that ordered Guangxi Weiri to pay the Guangxi Contractor RMB0.9 million plus interest. The Company has consulted its legal adviser and understands that (i) the Preservation only prohibits the change of legal title of the Mining Rights by Guangxi Weiri, but does not affect the rights entitled by Guangxi Weiri under the Mining Rights, including the business operations and exploration or exploitation activities of the Glauberite Mine; and (ii) the Preservation of the Mining Rights will be lifted immediately in the event the Company settles the RMB0.9 million plus interest in accordance with the decision of the Qingxiu Court for the Arbitration. As such, the Company considers there are no legal obstacle in relation to the development of the Glauberite Mine with the Mining Rights. As at 31 March 2024, an estimated amounted of approximately RMB1,583,000 has been provided and included in the account of "other payables and accruals in the financial statement of the Company".

(b) Litigation against Wise Goal

On 3 August 2021, the Group received a notice from the Intermediate People's Court of Nanning Municipality (the "**Nanning Court**") dated 27 July 2021. Pursuant to this notice, Mr. Zhou Bo as plaintiff has commenced an action at the Nanning Court against Wise Goal Enterprises Limited ("**Wise Goal**") as the defendant, seeking, among others, for payment by Wise Goal of its nonpaid up share capital to Guangxi Weiri ("**Zhou's Action**") amounting RMB21.7 million (the "**Litigation**"). The plaintiff also applied to the Nanning Court for the equity interest in Guangxi Weiri to be judicially preserved (the "**Property Preservation**"). The Board is of the view that Zhou's Action is frivolous or vexatious as it is inconsistent with the Company's understanding of the current arrangement of paying up share capital of Guangxi Weiri by Wise Goal, as agreed among the shareholders of Guangxi Weiri. Hence the Board considered that no impairment on the investment held in Wise Goal is required. In order to defend the Company's interest, the Company has been seeking legal advice from the PRC legal adviser to actively respond to Zhou's Action. The court hearings were held on 21 October 2021 and 26 November 2021 and the Group received the decision from the Nanning Court on 13 January 2023, which ordered Wise Goal to complete the non-paid up share capital of RMB21.7 million and to reimburse Mr. Zhou Bo RMB1.5 million (the "**Decision**"). On 3 February 2023, an appeal has been lodged against such Decision, which was subsequently dismissed on 27 June 2023 by the Higher People's Court of Guangxi with the Decision upheld. In October 2023, an application of re-examination has been submitted to The Supreme People's Court of the PRC and the first court hearing was held on 20 May 2024. Up to the Latest Practicable Date, the Group has not received the court decision. The Board will closely monitor the cases as mentioned above and evaluate its impact to the Group.

As at the Latest Practicable Date, save as disclosed above, neither the Company nor any member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any member of the Group.

8. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following is the qualification of the expert who has given opinion or advice, which are contained or referred to in this circular:

Name	Qualification
Grand Moore Capital Limited	A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
ZHONGHUI ANDA CPA Limited	Certified Public Accountant

As at the Latest Practicable Date, the above experts had given and had not withdrawn their written consent to the issue of this circular, with the inclusion of the references to their name and/or their opinion or report in the form and context in which they are included.

As at the Latest Practicable Date, the above experts did not have any shareholding, directly or indirectly, in the Company or any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of the Group, nor did it have any interest, direct or indirect, in any assets which had, since 31 March 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up), been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

9. MATERIAL CONTRACTS

The following contracts (not being contract entered into in the ordinary course of business) have been entered into by the members of the Group within two years immediately preceding the issue of this circular and are or may be material:

(a) the settlement agreement dated 2 November 2022 entered into between Chongqing Suitong and CQ Planning and Natural Resources Bureau in relation to the termination of the Land Use Rights Agreement and the return of the Land Use Rights to CQ Planning and Natural Resources Bureau;

(b) the sale and purchase agreement dated 23 November 2022 entered into between the Company (as the vendor) and Nordicon Group DMCC (as the purchaser) in relation to the disposal of the 3,238 shares of Quantron AG;

(c) the sale and purchase agreement dated 2 June 2023 entered into between the Company (as the vendor) and Chongqing Xinying Yuanjian Machinery Manufacturing Co., Ltd. (重慶鑫贏原鍵機械製造有限公司) (as the purchaser) in relation to the disposal of the entire shares of Chongqing Sinocop New Energy Vehicle Technology Company Limited* (重慶中銅新能源汽車技術有限公司);

(d) the loan agreement dated 12 March 2024 entered into between the Company (as the borrower) and S.C.I SATO EV (as the lender) in relation to the advance of a loan facility of EUR594,339 (equivalent to approximately HK$5,082,000) for a period of three months commencing from the disbursement date of the loan; and

(e) the Placing Agreement.

* *For identification purposes only*

Save as disclosed above, no material contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or any other its subsidiaries within two years immediately preceding the date of this circular and up to the Latest Practicable Date.

10. CORPORATE INFORMATION

Executive Directors	Mr. Cheung Ngan *(Chairman)* Mr. Miguel Valldecabres Polop *(Chief Executive Officer)* Ms. Chan Hoi Ying
Independent non-executive Directors	Mr. Chan Francis Ping Kuen Mr. Lee Kwok Leung Dato' Tan Yee Boon
Authorised representatives	Ms. Chan Hoi Ying Mr. Leung Wai Chun (member of the Hong Kong Institute of Certified Public Accountants)
Company secretary	Mr. Leung Wai Chun (member of the Hong Kong Institute of Certified Public Accountants)
Business address of all the Directors and senior management	46th Floor, United Asia Finance Centre 333 Lockhart Road, Wanchai Hong Kong
Registered office	Clarendon House 2 Church Street, Hamilton HM11 Bermuda
Principal place of business in Hong Kong	46th Floor, United Asia Finance Centre 333 Lockhart Road Wanchai, Hong Kong
Branch share registrar and transfer office in Hong Kong	Tricor Tengis Limited, 17th Floor, Far East Finance Centre 16 Harcourt Road Hong Kong
Principal banker	Bank of Communications Co., Ltd Unit B B/F & G/F, Unit C G/F Wheelock House, 20 Pedder Street, Central Hong Kong Hang Seng Bank Limited 83 Des Voeux Road Central, Central Hong Kong

Auditor	BDO Limited Certified Public Accountants Registered Public Interest Entity Auditor 25th Floor, Wing On Centre 111 Connaught Road, Central Hong Kong

11. PARTIES INVOLVED IN THE RIGHTS ISSUE

The Company	Ev Dynamics (Holdings) Limited 46th Floor, United Asia Finance Centre 333 Lockhart Road Wanchai, Hong Kong
Reporting accountant of the Company	ZHONGHUI ANDA CPA Limited Enterprise Square V Tower 2 38 Wang Chiu Road Kowloon Bay, Hong Kong
Financial adviser to the Company	Donvex Capital Limited Unit 2502, 25/F., Carpo Commercial Building 18-20 Lyndhurst Terrace Central, Hong Kong
The Independent Financial Adviser	Grand Moore Capital Limited Unit 1401, 14/F, Lippo Sun Plaza, 28 Canton Road, Tsim Sha Tsui, Kowloon,
The Placing Agent	Sorrento Securities Limited Room 1208, 12/F, Wing On Centre, 111 Connaught Road Central, Sheung Wan, Hong Kong

12. DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Executive Directors

Mr. Cheung Ngan, aged 67, joined the Group in March 1998 and is responsible for the development of corporate strategies, corporate planning, marketing and management functions of the Group. He has over 30 years' working experience in corporate management and investments in the PRC.

Mr. Miguel Valldecabres Polop, aged 48, was appointed as an executive director and chief executive officer of the Company on 16 October 2020. He holds a Bachelor in Economics at Universidad de Valencia in Spain and holds a Master Degree in Accounting and Management at the University of Southampton in United Kingdom. He worked at Campos Racing, a Spanish motor racing team, as its chief financial officer and then worked for five years at PwC in Spain and United Kingdom. He co-founded and was appointed as board member of Formula E, a single-seater motorsport championship that uses only electric cars. With his entrepreneurial expertise, he pioneered and was a chief executive officer of QEV Technologies, an engineering company specializing in the field of electromobility solutions in Spain, which includes design, construction and homologation of electric vehicles, the potential and the use of electric vehicles in the racing world as well as the installation, control and maintenance of electric charging infrastructures. He has extensive experience in fund raising and management skills.

Ms. Chan Hoi Ying, aged 37, joined the Company in 2014 and was appointed as an executive director of the Company in 2016. She holds a Master's of Actuarial Practice from Macquarie University in Australia. She had worked for the audit department of Messrs. RSM Hong Kong for several years.

Independent Non-executive Directors

Mr. Chan Francis Ping Kuen, aged 65, was appointed as an independent non-executive director of the Company in September 2004. He holds a Bachelor's Degree in economics from the University of Sydney in Australia. He is a member of the Chartered Accountants Australia and New Zealand and the Hong Kong Institute of Certified Public Accountants. He has over 30 years of experience in auditing, accounting and financial management and previously worked for an international accounting firm and a number of companies listed in Hong Kong and the United States. He is currently an executive director of Carrianna Group Holdings Company Limited, the shares of which are listed on the Main Board of the Stock Exchange.

Dato' Tan Yee Boon, aged 49, was appointed as an independent non-executive director of the Company in June 2016. He holds a Bachelor of Laws degree from the University of Glamorgan, United Kingdom. He holds a Certificate of Legal Practice from the Legal Qualifying Board of Malaysia. He is currently practicing as an advocate and solicitor of the High Court of Malaya and is also a member of the Bar Council of Malaysia. He is now a partner of Messrs. David Lai & Tan, a firm of advocates and solicitors in Malaysia. He possesses over 20 years of extensive experience in the field of legal and corporate practice.

Mr. Lee Kwok Leung, aged 70, was appointed as an independent non-executive director of the Company on 16 November 2021. He has over twenty years of experience in asset management or professional and institutional investors. Mr. Lee has extensive experience in portfolio construction, portfolio management, risk assessment and investment due-diligence. He was the managing director of BOCI Direct Investment Management Limited from 1992 to 1999, where he was responsible for the overall management of the private equity fund. Mr. Lee is the representative and responsible officer of Success Advance Investments Limited, a Type 4 and 9 regulated entity registered with the Securities and Futures Commission of Hong Kong.

Business address of the Directors and senior management

The business address of the Directors and the senior management is the same as the Company's head office and principal place of business in Hong Kong at 46th Floor, United Asia Finance Centre, 333 Lockhart Road, Wanchai, Hong Kong.

13. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, placing commission (assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and the placing of all Unsubscribed Shares and the NQS Unsold Shares by the Placing Agent), printing, registration, translation, legal and accountancy charges are estimated to be approximately HK$1.0 million, which are payable by the Company.

14. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.evdynamics.com) for 14 days from the date of this circular:

(a) the letter from the Independent Financial Adviser, the text of which is set out on page 37 to 70 of this circular;

(b) the letter issued by the reporting accountants regarding the unaudited pro forma financial information as set out in appendix II to this circular;

(c) the material contracts, referred in the paragraph headed "9. MATERIAL CONTRACTS" in this appendix;

(d) the written consents of each of the experts as referred to in the section headed "8. QUALIFICATIONS AND CONSENTS OF EXPERTS" in this appendix; and

(e) the annual reports of the Company for each of the three years ended 31 March 2022, 2023 and 2024;

15. MISCELLANEOUS

(a) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.

(b) The English text of this circular and the accompanying form of proxy shall prevail over the respective Chinese text in the case of inconsistency.

Ev Dynamics (Holdings) Limited
科軒動力（控股）有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 476)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a Special General Meeting (the "**SGM**") of Ev Dynamics (Holdings) Limited will be held at Boardroom 5, M/F, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 15 August 2024 at 11:00 a.m. for the following purposes:

SPECIAL RESOLUTION

"**THAT** subject to and conditional upon: (i) the Listing Committee of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") granting the listing of, and permission to deal in, the Adjusted Shares (as defined below) arising from the Capital Reorganisation (as defined below); and (ii) the compliance by the Company with section 46(2) of the Companies Act 1981 of Bermuda and the Listing Rules to effect the Capital Reduction (as defined below) and the Share Subdivision (as defined below), with effect from the second business day immediately following the day of passing of this resolution, being a day on which the shares of the Company are traded on the Stock Exchange:

(i) the issued share capital of the Company 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 (the "**Capital Reduction**");

(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;

(iii) immediately following the Capital Reduction becoming effective, each of the then authorised but unissued Shares of par value of HK$0.10 in the authorised share capital of the Company be subdivided into ten (10) authorised but unissued adjusted shares of par value of HK$0.01 each (the "**Adjusted Share(s)**") (the "**Share Subdivision**", together with the Capital Reduction, the "**Capital Reorganisation**"); and

(iv) any one of the Directors be and are hereby authorised to do all such acts and things and execute and deliver all such documents, which are ancillary to the Capital Reorganisation, on behalf of the Company, including under common seal where applicable, as they may consider necessary, desirable or expedient to carry out or give effect to any or all of the foregoing arrangements in respect of the Capital Reorganisation."

ORDINARY RESOLUTION

"**THAT** subject to and conditional upon the passing of the resolutions numbered 1, and the fulfilment of all conditions as set out in the section headed "Letter from the Board – Proposed Rights Issue – Conditions of the Rights Issue" in the circular of the Company dated 26 July 2024:

(i) issue of up to 1,391,951,844 new Shares (assuming no further issue and repurchase of the shares of the Company up to the Record Date (as defined below)) or 1,525,466,844 new Shares (assuming there is no change in the total number of issued Shares up to the Record Date (as defined below) other than the Capital Reorganisation and the new Shares to be allotted and issued upon the full exercise of the outstanding share options granted by the Company pursuant to the share option scheme adopted by the Company pursuant to an ordinary resolution of the Shareholders passed on 29 August 2023) (the "**Rights Shares**") pursuant to an offer by way of rights to the shareholders of the Company (the "**Shareholders**") at the subscription price of HK$0.095 per Rights Share (the "**Subscription Price**") on the basis of three (3) Rights Shares for every two (2) Adjusted Share held by the Shareholders ("**Qualifying Shareholders**") whose names appear on the register of members of the Company on Wednesday, 28 August 2024, or such other date as may be determined by the Company for determining entitlements of the Shareholders to participate in the Rights Issue (as defined below) (the "**Record Date**"), save for the Shareholders whose addresses as of the Record Date are outside of Hong Kong (if any) to whom the Directors, based on legal opinions to be provided by the legal advisers to the Company, consider it necessary or expedient not to offer the Rights Shares on account either of the legal restrictions under the laws of the relevant place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s) (the "**Non-Qualifying Shareholders**"), and on and subject to such terms and conditions as may be determined by the Directors (the "**Rights Issue**"), and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;

(ii) the placing agreement dated 26 June 2024 entered into between the Company and Sorrento Securities Limited (a copy of which has been produced to the SGM marked "A" and signed by the chairman of the SGM for the purpose of identification), in relation to the placing of the Rights Shares not subscribed by the Qualifying Shareholders and/or the Rights Share(s) which would otherwise has/have been provisionally allotted to the Non-Qualifying Shareholder(s) in nil-paid form that has/have not been sold by the Company at the placing price of not less than the Subscription Price on a best effort basis, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(iii) the board of Directors or a committee thereof be and is hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the Rights Shares may be offered, allotted or issued otherwise than pro rata to the Qualifying Shareholders and, in particular, any Directors be and is hereby authorised to make such exclusions or other arrangements in relation to any Non-Qualifying Shareholders, and to do all such acts and things or make such arrangements as he/she considers necessary, desirable or expedient having regard any restrictions under the bye-laws of the Company or the laws of, or the rules and regulations of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong to give effect to any or all other transactions contemplated in this resolution; and

(iv) the Directors be and are hereby authorised to do all such acts and things and execute and deliver all such documents, which are ancillary to the Rights Issue and the Placing Agreement, on behalf of the Company, including under common seal where applicable, as they may consider necessary, desirable or expedient to implement or give effect to any matters in connection with the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder."

By order of the Board
Ev Dynamics (Holdings) Limited
Cheung Ngan
Chairman

Hong Kong, 26 July 2024

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business:
46th Floor
United Asia Finance Centre
333 Lockhart Road
Wanchai

Notes:

(i) Any Shareholder entitled to attend and vote at the SGM convened by the above notice is entitled to appoint a proxy in respect of the whole or any part of his holding of shares to attend and vote in his stead. A proxy need not be a shareholder of the Company.

(ii) In order to be valid, a proxy form, together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority, must be deposited at the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours prior to the meeting.

(iii) The register of Shareholders of the Company will be closed from Friday, 9 August 2024 to Thursday, 15 August 2024, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending this SGM, all duly completed and signed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. (Hong Kong time) on Thursday, 8 August 2024.

(iv) As at the date hereof, 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.