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

ISSUE OF CONVERTIBLE NOTES UNDER GENERAL MANDATE

SUBSCRIPTION OF THE CONVERTIBLE NOTES

The Board is pleased to announce that on 2 September 2024, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Notes in an aggregate principal amount of HK$5 million at the initial Conversion Price of HK$0.1 per Conversion Share.

Based on the initial Conversion Price of HK$0.1, 50,000,000 Conversion Shares will be allotted and issued upon exercise in full of the conversion right attaching to the Convertible Notes, representing (i) approximately 5.39% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.11% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon full conversion of the Convertible Notes at the initial Conversion Price, assuming that no other Shares would be allotted and issued.

The Conversion Shares will be allotted and issued under the General Mandate. The net proceeds from the Subscription, being approximately HK$4.75 million, will be used as general working capital of the Group.

LISTING RULES IMPLICATIONS

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

The Conversion Shares convertible under the Convertible Notes will be issued under the General Mandate. Accordingly, the allotment and issue of the Conversion Shares under the Convertible Notes is not subject to further Shareholders' approval. As at the date of this announcement, no Shares have been issued by the Company under the General Mandate granted by the Shareholders to the Directors at the annual general meeting of the Company held on 15 August 2024 to allot, issue and deal with up to 20% of the then issued share capital of the Company.

Shareholders and potential investors should note that completion of the Subscription is subject to the fulfilment or waiver of the conditions precedent (as the case maybe) and Completion thereof may or may not proceed. Shareholders and potential investors are therefore reminded to exercise caution when dealing in the Shares of the Company.

INTRODUCTION

The Board is pleased to announce that on 2 September 2024, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Notes in an aggregate principal amount of HK$5 million at the initial Conversion Price of HK$0.1 per Conversion Share.

THE SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are set out as below:

Date

2 September 2024

Parties

(1) the Company, as issuer; and

(2) the Subscriber.

Principal Amount of the Convertible Notes

Pursuant to the Subscription Agreement and subject to the satisfaction or waiver of conditions precedent as set out below, the Subscriber will subscribe for the Convertible Notes in the aggregate principal amount of HK$5 million.

Conditions Precedent

Completion of the Subscription Agreement shall be subject to and conditional upon the following Conditions Precedent being satisfied:

(a) the Stock Exchange having granted or agreed to grant the listing of and permission to deal in the Conversion Shares to be allotted and issued upon exercise of the conversion right attached to the Convertible Notes and such approval and permission not subsequently being revoked or withdrawn;

(b) the compliance of any other requirements under the Listing Rules or otherwise of the Stock Exchange which requires compliance in relating to the Subscription; and

(c) all other necessary waivers, consents and approvals (if required) from the relevant governmental or regulatory authorities in Hong Kong and Bermuda for the Subscription Agreement and the transactions contemplated hereunder having been obtained and fulfilled.

None of the conditions precedent set out above can be waived. In the event any of the conditions precedent shall not have been fulfilled by 5:00 p.m. on Long Stop Date (or such other time and date as may be agreed in writing by the Company and the Subscriber), all rights, obligations and liabilities of the parties hereunder shall cease and determine and neither party shall have any claim against the other, save for any antecedent breaches of the Subscription Agreement.

Completion

Subject to fulfilment of the conditions precedent, Completion shall take place on the fifth (5th) Business Day after all the conditions precedent are fully satisfied, or such other date as the Company and the Subscriber may agree in writing.

PRINCIPAL TERMS OF THE CONVERTIBLE NOTES

The principal terms and conditions of the Convertible Notes are summarised as follows:

Issuer:	The Company
Principal amount:	HK$5 million
Maturity Date:	The second (2nd) anniversary of the Issue Date of the Convertible Notes
Interest rate:	Any amounts of the Convertible Notes which remain outstanding shall carry interest at the rate of 4% per annum compounding annually. Any accrued but unpaid interest will be paid semi-annually in arrears on 30 June and 31 December in each year. In the event any interest period would end on a day not being a Business Day, it shall instead end on the next succeeding Business Day.
Conversion Period:	The period commencing from (and including) the date falling on the third monthiversary of the Issue Date of the Convertible Notes (if such date is not a Business Day, the first Business Day after that date) to the Maturity Date.
Conversion Shares:	Based on the initial Conversion Price of HK$0.1, a maximum number of 50,000,000 Conversion Shares shall be allotted and issued upon exercise in full of the conversion rights attaching to the Convertible Notes, representing: (i) approximately 5.39% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.11% of the issued share capital of the Company as enlarged by the issue and allotment of the Conversion Shares.

Conversion Price:

The initial Conversion Price is HK$0.1 per Conversion Share, which represents:

(a) a premium of approximately 25.00% to the closing price per Share of HK$0.080 as quoted on the Stock Exchange on 30 August 2024, being the last trading day immediately prior to the date of the Subscription Agreement;

(b) a premium of approximately 23.46% to the average closing price per Share of HK$0.081 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement; and

(c) a premium of approximately 19.05% to the average closing price per Share of HK$0.084 as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Subscription Agreement.

The Conversion Price was determined based on arm's length negotiations between the parties with reference to the prevailing market prices of the Shares as quoted on the Stock Exchange and the business performance of the Group. The Directors considered that the Conversion Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conversion:

Noteholder shall have the right, exercisable on any Business Day during the Conversion Period to convert the whole or any part (in multiples of HK$500,000) of the outstanding principal amount of the Convertible Notes held by such Noteholder into such number of Conversion Shares as will be determined by dividing the principal amount of the Convertible Notes to be converted by the Conversion Price in effect on the date of conversion.

No fraction of a Share shall be issued on conversion of the Convertible Notes. Fractional entitlements shall be ignored and any sum paid in respect thereof shall be retained by the Company for its own benefit.

Transferability:

The Convertible Notes will not be listed. No application will be made for the listing of the Convertible Notes on the Stock Exchange or any other stock or securities exchange.

The Convertible Notes are not transferable to any connected person of the Company, unless prior written consent of the Company has been obtained by the Noteholder and in compliance with the Listing Rules and all applicable laws and regulations.

Adjustments to Conversion Price:

The initial Conversion Price shall be adjusted from time to time in accordance with the relevant conditions as mentioned below and if the event giving rise to any such adjustment shall be capable of falling within more than one of the following conditions as mentioned in paragraph (a) to (c), the first of the applicable condition shall apply to the exclusion of the remaining conditions.

(a) If at any time the nominal value of the Shares changes as a result of any consolidation or sub-division, the Conversion Price shall be adjusted by multiplying the new nominal value and dividing the result by the original nominal value. Each such adjustment shall take effect on the date on which the consolidation or sub-division becomes effective.

(b) If at any time the Company issues Shares (and not in lieu of cash dividends) by way of capitalisation of profits or reserves (including a share premium account or capital redemption provision), the Conversion Price shall be adjusted by multiplying it by the aggregate nominal amount of the share capital of the Company immediately before such issuance, and then dividing the result by the sum of the such aggregate nominal amount and the aggregate nominal value of the issued Shares capitalised. Each such adjustment shall take effect from the day after the registration date for such issue (it may be ratified if appropriate).

(c) If at any time the Company makes a capital distribution (whether by capital reduction or otherwise) to the Shareholders or grants to such Shareholders rights to acquire for cash assets of the Company or any of its subsidiaries, the Conversion Price before such distribution or grant shall be adjusted by multiplying it by the following fraction:

$$\frac{A - B}{A}$$

Where:

A is the market price (the average closing price of a Share on the Stock Exchange issued each month on the five (5) consecutive trading days immediately prior to the day when the market price is determined) on the date of announcement in relation to such capital distribution or grant (as the case may be) or (if no announcement has been made) the date immediately preceding the date of such capital distribution or grant (as the case may be); and

B is the fair market value on the first day before the announcement date or (as the case may be) the distribution or grant date, the capital distribution or equity distribution per Share as determined by auditors or an approved merchant bank in good faith.

If the relevant auditor or approved merchant bank considers that the above fair market value is likely to produce a materially unfair result, then the auditor or merchant bank may determine (in which case the above formula shall be the market price of the distribution or entitlement distribution).

This term shall not apply to Shares issued out of profits or reserves and issued in lieu of cash dividends.

Each such adjustment takes effect (with ratification where appropriate) from the day following such capital distribution or grant registration date.

Any adjustment to the Conversion Price shall be adjusted to the nearest HK$0.01 according to the rounding method. All adjustments to the Conversion Price should (at the option of the Company) be certified by the auditors of the Company or an approved merchant bank each time an adjustment is made by the Directors.

Notwithstanding any conditions as mentioned in paragraph (a) to (c), if in any event the Directors consider that (1) the Conversion Price should not be adjusted in accordance with paragraph (a) to (c) or should be adjusted by another calculation; or (2) the Conversion Price should be adjusted in circumstances not described in paragraph (a) to (c); or (3) the adjustment under paragraph (a) to (c) should be made at other times, the Company should appoint auditors or an approved merchant bank to review the reasons for the adjustment (or no adjustment) whether it fairly and appropriately reflects the interests of the relevant parties. If the auditor or the approved merchant bank confirms that it is fair and appropriate, the adjustment shall be certified by the auditor or the approved merchant bank and shall be adjusted or not adjusted according to the opinion it deems appropriate, or relevant adjustments shall be made including but not limited to adjustments are made in other ways, and/or the effective time of such adjustments is fixed at other times.

Whenever the Conversion Price is adjusted in accordance with the conditions as mentioned in paragraph (a) to (c) at any time, the Company shall issue a notice of the adjustment to the Noteholders (specifying the reason for the adjustment, the price before and after the adjustment and the effective date).

If the Conversion Price would be reduced under the terms of adjustment as mentioned in paragraph (a) to (c), so that Conversion Shares could only be issued at a price lower than the nominal value of each Share, the Conversion Price should be adjusted to an amount equal to the nominal value of each Share.

Early Redemption:	The Company has the right to redeem all or any part of the Convertible Notes at any time and from time to time prior to the Maturity Date by giving not less than ten (10) Business Days' advance written notice to the Noteholder.
Redemption at maturity:	Unless previously purchased or converted for the Conversion Shares, the Company shall on the Maturity Date redeem the outstanding principal amount of the Convertible Notes.
Status and ranking:	The Convertible Notes constitute direct, unconditional, unsecured and unsubordinated obligations of the Company, and will at all times rank *pari passu* and without any preference or priority among the direct, unsubordinated, unconditional and unsecured obligations of the Company, with all other present and future direct, unsubordinated, unconditional and unsecured obligations of the Company (other than those preferred by applicable law).
Voting:	The Convertible Notes do not confer its Noteholders with the right to vote at any meetings of the Company.

GENERAL MANDATE TO ISSUE AND ALLOT THE CONVERSION SHARES

At the annual general meeting of the Company held on 15 August 2024, a resolution of the Shareholders was passed to grant to the Directors the General Mandate to allot, issue and otherwise deal with new Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing such resolution. The Company is authorized to allot and issue a maximum of 185,593,579 Shares under the General Mandate.

As at the date of this announcement, the General Mandate has yet been utilized. Accordingly, the Subscription Agreement and the transactions contemplated therein including the issue and allotment of Conversion Shares under the General Mandate are not subject to Shareholders' approval.

APPLICATION FOR LISTING

The Company will make an application to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange. No application will be made for the listing of the Convertible Notes on the Stock Exchange or any other stock exchange.

REASONS FOR THE ISSUE OF CONVERTIBLE NOTES AND USE OF PROCEEDS

As disclosed in the Prospectus, the Rights Issue is non-underwritten. Accordingly, the actual net proceeds of the Rights Issue may be less than the estimated and intended usage of the Group. If the Rights Issue is undersubscribed and the size of the Rights Issue is reduced, the net proceeds are expected to be utilised with proportional reductions as detailed in the Prospectus.

As such, the Company considers the issue of the Convertible Notes offers good opportunities to raise further working capital and strengthen the short-term financial position of the Group for its daily operation.

The net proceeds of the Subscription shall be approximately HK$4.75 million (after deducting professional fees and all other expenses in relation to the Subscription), which shall be utilised by the Group as general working capital for the next twelve months.

Taking into account of the above factors, the Directors are of the view that the terms of the Subscription Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INFORMATION ON THE COMPANY

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.

INFORMATION ON THE SUBSCRIBER

The Subscriber is a PRC citizen and, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, is an Independent Third Party of the Company.

EFFECTS ON SHAREHOLDING STRUCTURE

For illustrative purpose only, the shareholding structure of the Company of the following scenarios is set out as follows.

(i) as at the date of this announcement; and

(ii) under the following scenarios:

Scenario A:

immediately upon (1) the completion of the Rights Issue (assuming full acceptance by all Qualifying Shareholders under Rights Issue); and (2) the allotment and issue of the Conversion Shares in full upon exercise of the conversion rights under the Convertible Notes at the initial Conversion Price.

Scenario B:

immediately upon (1) the completion of the Rights Issue (assuming nil acceptance by any Qualifying Shareholders under Rights Issue and all the Placing Shares are placed to Independent Third Parties under the Placing); and (2) the allotment and issue of the Conversion Shares in full upon exercise of the conversion rights under the Convertible Notes at the initial Conversion Price.

Scenario C:

immediately upon (1) the completion of the Rights Issue (assuming nil acceptance by the Qualifying Shareholders under Rights Issue and no Placing Shares is issued under the Placing); and (2) the allotment and issue of the Conversion Shares in full upon exercise of the conversion rights under the Convertible Notes at the initial Conversion Price.

Shareholders	**As at the date of this announcement**		**Scenario A**		**Scenario B**		**Scenario C**	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*
Entrust Limited *(Note 1)*	98,272,751	10.59%	245,681,877	10.37%	98,272,751	4.15%	98,272,751	10.05%
Mr. Cheung Ngan *(Note 2)*	53,603,855	5.78%	134,009,637	5.65%	53,603,855	2.26%	53,603,855	5.48%
Faith Profit Holding Limited *(Note 2)*	22,258,640	2.40%	55,646,600	2.35%	22,258,640	0.94%	22,258,640	2.28%
The Subscriber	–	–	50,000,000	2.11%	50,000,000	2.11%	50,000,000	5.11%
Other public Shareholders	753,832,651	81.23%	1,884,581,627	79.52%	753,832,651	31.81%	753,832,651	77.08%
Placees	–	–	–	–	1,391,951,844	58.73%	–	–
Total	**927,967,897**	**100.00%**	**2,369,919,741**	**100.00%**	**2,369,919,741**	**100.00%**	**977,967,897**	**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.

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.

EQUITY FUND-RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save for the Rights Issue which is yet to be completed as detailed below, the Company has not conducted any equity fundraising activity in the past twelve months immediately preceding the date of this announcement.

Date of announcement	**Event**	**Maximum net proceeds to be raised (approximately)**	**Intended use of proceeds**
26 June 2024	Right issue on the basis of three (3) rights share for every two (2) existing shares held on Record Date	HK$143.9 million	Intends to use for the development of the new energy business and general working capital as detailed in the Prospectus

LISTING RULES IMPLICATIONS

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

The Conversion Shares convertible under the Convertible Notes will be issued under the General Mandate. Accordingly, the allotment and issue of the Conversion Shares under the Convertible Notes is not subject to further Shareholders' approval. As at the date of this announcement, no Shares have been issued by the Company under the General Mandate granted by the Shareholders to the Directors at the annual general meeting of the Company held on 15 August 2024 to allot, issue and deal with up to 20% of the then issued share capital of the Company.

Shareholders and potential investors should note that completion of the Subscription is subject to the fulfilment or waiver of the conditions precedent (as the case maybe) and Completion thereof may or may not proceed. Shareholders and potential investors are therefore reminded to exercise caution when dealing in the Shares of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

"associates"	has the meaning ascribed thereto in the Listing Rules
"Board"	the board of Directors
"Business Day(s)"	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
"Company"	Ev Dynamics (Holdings) Limited, a company incorporated under the laws of Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 476)
"Completion"	completion of the Subscription Agreement
"Completion Date"	the date of the Completion
"connected person(s)"	has the meaning as ascribed to it under the Listing Rules
"Conversion Date"	a day when the conversion rights attaching to the Convertible Notes are exercised
"Conversion Price"	the conversion price of the Convertible Notes, initially being HK$0.1 per Conversion Share (subject to any adjustment in accordance with the terms and conditions of the Convertible Notes)
"Conversion Shares"	the Shares to be issued by the Company upon exercise by the Noteholder(s) of the conversion rights attached to the Convertible Notes

"Convertible Notes"	the convertible notes in the aggregate principal amount of HK$5 million to be issued by the Company to the Subscriber pursuant to the Subscription Agreement
"Director(s)"	the director(s) of the Company
"General Mandate"	the general mandate granted to the Directors at the annual general meeting of the Company held on 15 August 2024 to allot, issue or deal with up to 185,593,579 Shares
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	third party(ies) independent of, and not connected with or acting in concert with the directors, chief executives or substantial shareholders of the Company, any of its subsidiaries or their respective associates
"Issue Date"	the date on which the Convertible Notes are issued, being the Completion Date
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	15 September 2024
"Maturity Date"	the date falling on the second (2nd) anniversary of the Issue Date of the Convertible Notes
"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
"Noteholder(s)"	holders of the Convertible Notes

"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
"Placing"	arrangements to place the Unsubscribed Shares and the NQS Unsold Shares 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 as disclosed in the Prospectus
"Placing Share(s)"	Unsubscribed Share(s) and the NQS Unsold Share(s)
"PRC"	the People's Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Prospectus"	the prospectus of the Company dated 29 August 2024 in relation to the Rights Issue
"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
"Rights Issue"	the issue of Rights Shares on the basis of three Rights Shares for every two Adjusted Shares held on the Record Date payable in full on acceptance as disclosed in the Prospectus
"Rights Share(s)"	up to 1,391,951,844 Shares to be allotted and issued pursuant to the Rights Issue
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	the ordinary share(s) of HK$0.01 each in the Company

"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscriber"	Mr. Zhang Houji, a PRC citizen
"Subscription"	the issue of the Convertible Notes by the Company and subscription of the Convertible Notes by the Subscriber pursuant to the Subscription Agreement
"Subscription Agreement"	the conditional subscription agreement dated 2 September 2024 and entered into between the Company and the Subscriber
"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 the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
"%"	per cent

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

Hong Kong, 2 September 2024

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