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**FDG Electric Vehicles Limited**  
**五龍電動車（集團）有限公司**

*(Provisional Liquidators Appointed)*  
*(For Restructuring Purposes Only)*  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 729)**

**INSIDE INFORMATION -**  
**TRANSACTIONS IN QUESTION INVOLVING CERTAIN SUBSIDIARIES**

This announcement is made by FDG Electric Vehicles Limited (provisional liquidators appointed) (for restructuring purposes only) (the “**Company**”, together with its subsidiaries, the “**Group**”) under Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 8 June 2020 in relation to the formation of the special committee (the “**Special Committee**”) which was empowered by the board (the “**Board**”) of directors (the “**Directors**”) of the Company to exercise the powers, authorities and discretions and to carry out all actions regarding Mr. Cao Zhong (“**Mr. Cao**”, an executive Director whose executive function has been suspended since 10 March 2020) which are considered necessary relating to, among others, misconducts in his capacity as director of the Company and various other subsidiaries of the Group.

The Special Committee has been reviewing the books and records of certain subsidiaries (the “**PRC Subsidiaries**”) of the Company in the People’s Republic of China (the “**PRC**”) and has identified certain transactions (the “**Transactions in Question**”) conducted and/or approved by Mr. Cao and/or Mr. Miao Zhenguo (“**Mr. Miao**”, a former executive Director from 25 May 2010 to 11 June 2018 and legal representative and senior management of certain subsidiaries of the Company in the PRC and a brother-in-law of Mr. Cao.) between January 2017 and January 2019 which were made without the due authorisation of the Board.

The Transactions in Question of the PRC Subsidiaries include:

- (i) two agreements entered into by PRC Subsidiaries with two parties for the purported setting up of an electric vehicles sales and leaseback business and the appointment of a settlement trustee for a purported construction project settlement fund with the upfront payment of deposits with an aggregate amount of RMB90 million in January 2017. No transactions contemplated thereunder had ever been carried out and the

deposits were refunded in full to the Group in January 2019. The Special Committee was given to understand that the respective legal representatives of these two counter-parties are close business acquaintances of Mr. Cao; and

- (ii) an agreement with former subsidiary of the Company for the purported repurchase of used electric vehicles previously sold by the Group, with the upfront payment of deposit of RMB100 million in January 2019, which was subsequently rescinded in June 2019 and no refund has yet been made. Based on the available public records, the former subsidiary is indirectly majority-owned by someone which the Company understands is a relative of Mr. Miao.

The Special Committee noted that all the above transactions were outside the ordinary course of business of the Group, of little or no commercial value to the Group, with full or substantially full payment of considerations upfront while no transactions contemplated under the relevant agreement had been carried out, and conducted and/or approved by Mr. Cao and/or Mr. Miao with their close business acquaintances or relatives. In addition, the Transactions in Question are all documented by overly simple 1 to 3 pages agreements with vague languages and does not reflect the normal commercial standard expected for transactions with such value.

Due to the seriousness and possible irregularities involved, in order to protect the interest of the Company and its shareholders as a whole, the Special Committee will continue to take all necessary efforts and steps to further investigate into the Transactions in Question and having obtained legal advice from its PRC legal advisors, has decided to report the Transactions in Question to the relevant regulatory authorities in due course.

The Company will make further announcement(s) on the progress of the investigation of the Transactions in Question as and when necessary to keep shareholders and potential investors of the Company informed.

**Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the Company's shares or other securities of the Company.**

On behalf of the Board  
**FDG Electric Vehicles Limited**  
*(Provisional Liquidators Appointed)*  
*(For Restructuring Purposes Only)*  
**Lo Wing Yat**  
*Chairman*

Hong Kong, 21 June 2020

*As at the date of this announcement, the Board comprises Mr. Jaime Che (Chief Executive Officer), Dr. Chen Yanping (Chief Technical Officer) and Mr. Cao Zhong (suspended) as executive directors; Mr. Lo Wing Yat (Chairman) and Mr. Huang Tan as non-executive directors; and Mr. Chan Yuk Tong, Mr. Fei Tai Hung and Mr. Tse Kam Fow as independent non-executive directors.*

*Website: <http://www.fdgev.com>*