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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)

MAJOR TRANSACTION IN RELATION TO DISPOSAL OF EQUITY INTEREST IN QUANTRON AG

INTRODUCTION

The Board is pleased to announce that on 8 June 2022 (after trading hours), the Company entered into a legally binding Term Sheet with the Purchaser, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares (representing an aggregate of 13.85% of the entire equity interest of Quantron AG) at the total consideration of EUR12,500,000 (equivalent to approximately HK\$105,000,000).

The Company will publish further announcements upon the entering of the definitive sale and purchase agreement with the Purchaser.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal as calculated under Rule 14.07 of the Listing Rules exceeds 25% but are less than 75%, the Disposal constitutes a major transaction for the Company under Rule 14.06(4) of the Listing Rules.

A SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Term Sheet and the transactions contemplated thereunder. A circular containing, among other things, further details of the Term Sheet, together with a notice convening the SGM, is expected to be despatched to the Shareholders on or before 22 July 2022, as additional time is required for the entering of the definitive sale and purchase agreement and preparation of the financial information of Quantron AG.

Completion of the Disposal is subject to the satisfaction of the conditions precedent under the Term Sheet and definitive sale and purchase agreements to be entered by the Company and the Purchaser. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The Board is pleased to announce that on 8 June 2022 (after trading hours), the Company entered into a legally binding Term Sheet with the Purchaser, pursuant to which the Company has conditionally agreed to disposal of its interest in Quantron AG at the total consideration of EUR12,500,000 (equivalent to approximately HK\$105,000,000).

As at the date of this announcement, the Company holds the Sale Shares, being 9,157 shares of Quantron AG representing approximately 13.85% of the issued share capital of Quantron AG as a result of the Subscriptions conducted in April and July 2021. For details of the Subscriptions, please refer to the announcement of the Company dated 30 April 2021 and 29 July 2021.

The Sale Shares is classified as financial asset at fair value through profit or loss in the Group's consolidated financial statements. Upon Completion, the Company will cease to hold any equity interest in Quantron AG.

THE TERM SHEET

The principal terms of the Term Sheet are summarized as follows.

Date

8 June 2022 (after trading hours)

Parties

- (1) the Purchaser; and
- (2) the Company.

To the best of knowledge, information and belief of the Board and after making all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

Subject Matter

Pursuant to the Term Sheet, the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire, the Sale Shares, representing approximately 13.85% of the equity interest in Quantron AG as at the date of this announcement, at the Consideration of EUR12,500,000 (equivalent to approximately HK\$105,000,000).

The Sale Shares is classified as financial asset at fair value through profit or loss in the Group's consolidated financial statements. Upon Completion, the Company will cease to hold any equity interest in Quantron AG.

Consideration

The Consideration payable by the Purchaser under the Term Sheet is EUR12,500,000 (equivalent to approximately HK\$105,000,000), which shall be payable by the Purchaser to the Company in cash with the following manner:

- (i) a deposit in the sum of EUR2,000,000 within 6 weeks from the date of the Term Sheet; and
- (ii) the remaining balance of the Consideration in the sum of EUR10,500,000 within 11 to 12 months from the date of the Term Sheet.

The Consideration was arrived at after arm's length negotiations among the parties to the Term Sheet and was determined with reference to, including but not limited to: (i) the business and development prospects of Quantron AG; and (ii) the reasons for the Disposal as mentioned in the section headed "Reasons for and benefits of the Disposal" below.

Conditions precedent

The Completion is conditional upon, among other things, the satisfaction of relevant listing rules and regulations, including but not limited to all necessary authorisations, approvals, clearance, consents and/or waivers from Shareholders as required under the Listing Rules, and relevant binding agreements in connection with the Term Sheet and for the transactions contemplated thereunder having been obtained and performed by the Company and the Purchaser.

Completion

Completion shall take place on the Completion Date after satisfaction of all of the conditions precedent (or such other date as the Company may agree in writing).

INFORMATION OF THE GROUP AND 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 mining.

INFORMATION ON THE PURCHASER

The Purchaser is a limited company incorporated in the British Virgin Islands. It is principally engaged in the manufacturing of electrical vehicles. To the best of knowledge, information and belief of the Board and after making all reasonable enquiries, the ultimate beneficial owner of the Purchaser is YCapital Group Limited, a private equity investment firm with investments in the technology, electrical vehicle and telecommunications sector since 2013.

INFORMATION ON QUANTRON AG

Quantron AG is a limited company incorporated in Germany in 2019 and is principally engaged in e-mobility in inner-city and regional passenger and freight transport. As at the date of this announcement, Quantron AG is beneficially owned as to 13.85% by the Company and 57.3% by Mr. Andreas Haller, a German citizen and the Founder of Quantron AG. The remaining shares of Quantron AG were held by a number of shareholders independent to the Company.

Quantron AG specialises in the electrification of used and existing vehicles. Quantron AG offers a wide spectrum of new e-commercial vehicles based on the requirements and needs of its customers, which ranges from electric vans and e-buses to electric heavy-duty tractor units. Quantron AG also provides logistics services, battery solutions, and comprehensive consulting services.

As disclosed in the announcement of the Company dated 13 August 2021, as settlement of part of the consideration for the Subscriptions, the Company issued 254,712,175 Shares to Quantron AG, representing approximately 2.83% of the issued Shares of the Company.

Quantron AG recorded revenue of approximately EUR2.2 million for the year ended 31 December 2020 and EUR3.4 million for the ninth months ended 30 September 2021. The net loss after taxation of Quantron AG was approximately EUR3.1 million for the year ended 31 December 2020 and EUR3.4 million for the ninth months ended 30 September 2021. The unaudited net liabilities of Quantron AG were approximately EUR3.2 million as at 30 September 2021.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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 mining.

In recent years, the Group has expanded its business into overseas markets instead of relying solely on the PRC market. The Company conducted the Subscriptions expecting to create a synergy effect with Quantron AG in view of establishing a foothold in Europe for achieving faster growth in European regions. After the completion of the Subscriptions, the Company received some purchase orders via Quantron AG for the manufacturing of its electric buses and relevant components. It is expected that the Group may continue to receive purchase orders from Quantron AG after the Disposal.

As the Group will record net cash inflow from the Disposal, given the Group subscribed for the Sale Shares through the Subscriptions at a total consideration of approximately EUR7,027,930, which was settled by the Group through a combination of cash and allotment and issuance of consideration shares, while the Consideration for the Disposal is EUR12,500,000 (equivalent to approximately HK\$105,000,000) which will be settled in cash by the Purchaser, the Group considered the Disposal presented an opportunity to realise its investment in the Sale Shares.

In addition, the Board is of the view that, the resources of the Group should be best deployed and aligned with the overall and long-term goals of the Group for the exploration and development of electric vehicles and components-related business(es) or venture(s) with better prospects or higher growth potential that will best serve the interests of the Company and its shareholders in the long run.

In light of the above, the Board is of the view that the Disposal is a commercially sensible business decision and an appropriate course of action to take for the long-term development of the Group. As such, the Board considers the terms and conditions of the Term Sheet and the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INTENDED USE OF PROCEEDS FROM THE DISPOSAL

The net proceeds from the Disposal, after deducting transaction costs, are estimated to be approximately EUR12,450,000 (equivalent to approximately HK\$104,580,000), which is intended to be used for the development and expansion of the Company's electric vehicle business and general working capital purposes.

FINANCIAL EFFECT OF THE DISPOSAL

The Sale Shares is classified as financial asset at fair value through profit or loss in the Group's consolidated financial statements. Upon Completion, the Company will cease to hold any equity interest in Quantron AG.

The acquisition cost of the Sale Shares, being the consideration for the Subscriptions was approximately HK\$64.9 million.

The Group expects to recognise an unaudited gain of approximately HK\$39.7 million as a result of the Disposal, which is calculated based on the estimated proceeds from the Disposal of approximately HK\$105.0 million, deducted by the book value of the Sale Shares on the consolidated financial statements of the Group of approximately HK\$64.8 million and the estimated transaction cost of approximately HK\$0.5 million for the Disposal. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to audit and will be assessed after the Completion.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal as calculated under Rule 14.07 of the Listing Rules exceeds 25% but are less than 75%, the Disposal constitutes a major transaction for the Company under Rule 14.06(4) of the Listing Rules.

The Company will publish further announcements upon the entering of the definitive sale and purchase agreement with the Purchaser.

A SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Term Sheet and the transactions contemplated thereunder. A circular containing, among other things, further details of the Term Sheet, together with a notice convening the SGM, is expected to be despatched to the Shareholders on or before 22 July 2022, as additional time is required for the entering of the definitive sale and purchase agreement and preparation of the financial information of Quantron AG.

Completion of the Disposal is subject to the satisfaction of the conditions precedent under the Term Sheet and definitive sale and purchase agreements to be entered by the Company and the Purchaser. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

“Board”	the board of Directors
“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 Disposal subject to and upon the respective terms and conditions of the Term Sheet
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of EUR12,500,000 (equivalent to approximately HK\$105,000,000) for the Disposal under the Term Sheet
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Company to the Purchaser under the Term Sheet subject to the principal terms and conditions as disclosed in this announcement and the definitive sale and purchase agreement to be entered
“EUR”	Euros, the lawful currency of the member states of the European Union
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	YCapital EV Technology Limited, a company incorporated in British Virgin Islands, which is wholly owned by YCapital Group Limited as at the date of this announcement
“Quantron AG”	a company incorporated in Germany with limited liability and owned as to 13.85% by the Company, as to 28.85% by other investors and as to 57.3% by Mr. Andreas Haller as at the date of this announcement
“Sale Shares”	9,157 shares of Quantron AG subscribed by the Company under the Subscriptions, representing approximately 13.85% of equity interest in Quantron AG as at the date of this announcement
“SGM”	the special general meeting of the Company to be convened and held by the Company for the Shareholders to consider, and if thought fit, approve the Term Sheet or the definitive sales and purchase agreements to be entered and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriptions” the subscription of the Sale Shares in Quantron AG by the Company pursuant to an investment agreement made between the Company, Quantron AG, Mr. Andreas Haller and Haller Holding dated 30 April 2021 and a subscription agreement dated 29 July 2021 entered into between the Company and Quantron AG. Details of which are set out in the announcements of the Company dated 30 April 2021 and 29 July 2021

“Term Sheet” the term sheet dated 8 June 2022 entered into between the Company and the Purchaser in relation to the Disposal

“%” per cent

For illustration only, amounts in EUR have been translated into HK\$ at the exchange rate of EUR1 = HK\$8.40.

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

Hong Kong, 8 June 2022

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Cheung Ngan, Mr. Miguel Valdecabres Polop and Ms. Chan Hoi Ying, and three independent non-executive Directors, namely Mr. Chan Francis Ping Kuen, Mr. Lee Kwok Leung and Dato’ Tan Yee Boon.