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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)

**SUPPLEMENTAL AGREEMENT TO AMEND AND RESTATE THE
SUBSCRIPTION AGREEMENT
IN RELATION TO**

**(1) ISSUE OF CONVERTIBLE NOTES UNDER GENERAL MANDATE; AND
(2) POSSIBLE ISSUE OF CONVERTIBLE NOTES
UNDER SPECIFIC MANDATE**

Reference is made to the announcement of the Company dated 14 June 2022 in relation to the subscription agreement of even date entered into between the Company and the Subscribers in relation to the proposed issuance of convertible notes to the Subscribers in the aggregate principal amount of up to HK\$600 million (the “**Announcement**”). Unless otherwise stated herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

THE AMENDED AND RESTATED AGREEMENT

The Board announces that, after trading hours on 18 July 2022, the Company and the Subscribers entered into a supplemental agreement setting out the amended and restated agreement in relation to the Subscription Agreement (the “**Amended and Restated Agreement**”), pursuant to which the parties agreed to amend certain terms and conditions of the Subscription Agreement and the Convertible Notes. The Amended and Restated Agreement replaces and supersedes the original Subscription Agreement in its entirety prior to the date of the Amended and Restated Agreement. The terms of the Amended and Restated Agreement were arrived at between the parties after arm’s length negotiation.

Pursuant to the Amended and Restated Agreement, the material amendments to the Subscription Agreement and the Convertible Notes are set out as follows:

Issue and Subscription of the Tranche 1 Notes

With reference to the sub-section headed “The Subscription – Tranche 1 Notes” in the Announcement, the amendments to the Subscription Agreement pursuant to the Amended and Restated Agreement are set out as follows:

The Company agreed to issue and the Subscribers agreed to subscribe for Tranche 1 Notes at the Note Issue Price:

- (a) in respect of the first five (5) sub-tranches of the Tranche 1 Notes (the “**First T1 Notes**”) under General Mandate, on the fifth Business Day immediately after the last of the conditions precedent in respect of the First T1 Notes is fulfilled or such other date as the parties may agree in writing;
- (b) in respect of the sixth sub-tranche of Tranche 1 Notes under Specific Mandate, on the date falling five (5) business Days immediately after the later of (i) the last of the relevant conditions is fulfilled; or (ii) the Tranche 1 Conversion Date in respect of the fifth sub-tranche of the Tranche 1 Notes, or such other date the parties may agree in writing; and
- (c) in respect of each of the subsequent sub-tranches of Tranche 1 Notes (the “**Remaining T1 Notes**”) under Specific Mandate, on or before the fifth Business Day after the Tranche 1 Conversion Date in respect of the immediately preceding sub-tranche of Tranche 1 Notes or such other date as the parties may agree in writing.

In addition to the above, the Company and the Subscribers further agreed in the Amended and Restated Agreement that, the Subscribers shall not be obliged to subscribe for any Tranche 1 Notes where the VWAP per Share on the date prior to the Closing Date of each sub-tranche of the Tranche 1 Notes is at or below the Benchmarked Price.

Issue and Subscription of the Tranche 2 Notes and Tranche 3 Notes

On top of the terms and conditions of the Subscription Agreement in relation to the Issue and subscription of Tranche 2 Notes and Tranche 3 Notes as disclosed in the Announcement, the Amended and Restated Agreement further states that the Subscribers shall not be obliged to subscribe for any Tranche 2 Notes and/or Tranche 3 Notes where the VWAP per Share on the date prior to the Closing Date of each sub-tranche of the Tranche 2 Notes and/or Tranche 3 Notes is at or below the Benchmarked Price.

Representations, warranties, undertakings and covenants by the Company

The sub-section headed “Representations, warranties, undertakings and covenants by the Company” as disclosed in the Announcement shall be amended pursuant to the Amended and Restated Agreement as follows:

- (i) it has, prior to the Closing Date of the First T1 Notes, obtained a valid and subsisting General Mandate for the allotment and issuance of the First T1 Notes and for the portion of Maximum T1 Conversion Shares upon the exercise of the Conversion Rights in respect of those Convertible Notes, such portion of Maximum T1 Conversion Shares being sufficient assuming full conversion of the First T1 Notes in accordance with the conditions of the Amended and Restated Agreement and the issue of those Convertible Notes;
- (ii) it shall, prior to the issue of the Remaining T1 Notes, the Tranche 2 Notes and Tranche 3 Notes and in any event no later than the Fulfilment Date, use its reasonable endeavour to obtain the approval of the Board and the Shareholders at the special general meeting for:
 - (a) the subscription or issue of the Remaining T1 Notes, Tranche 2 Notes and Tranche 3 Notes;
 - (b) the allotment and issue of the Conversion Shares upon the exercise of the Conversion Rights in respect of the Remaining T1 Notes, Tranche 2 Notes and Tranche 3 Notes, up to the corresponding number of Maximum T1 Conversion Shares and Maximum T2 & T3 Conversion Shares; and
 - (c) all other matters in relation thereto and in connection therewith, do all such acts and things and execute and file all such documents as may be required,

Where any of such approvals set out in (ii) above were obtained subject to any conditions, such conditions being acceptable to the Subscribers, and to the extent in this regard, to keep the Subscribers duly and promptly informed of the progress of such acts and things in writing including the delivery of all such documents where applicable, to the Subscribers;

- (iii) it shall, prior to the issue of the Convertible Notes and in any event no later than the Fulfilment Date, obtain all necessary approvals, consents and/or waivers (as the case may be) of all requisite regulatory authorities (including the Stock Exchange) in respect of:
 - (a) the subscription or issue of the Tranche 1 Notes, Tranche 2 Notes and Tranche 3 Notes (as the case may be);
 - (b) the allotment and issue of the Conversion Shares upon the exercise of the Conversion Rights in respect of the Tranche 1 Notes, Tranche 2 Notes and Tranche 3 Notes (as the case may be);
 - (c) the listing of and permission to deal in, the Conversion Shares following the conversion of Tranche 1 Notes, Tranche 2 Notes and Tranche 3 Notes (as the case may be) on the Stock Exchange; and
 - (d) such other matters in relation to and in connection therewith.

Conditions precedent

The sub-section headed “Conditions precedent to the completion of the Tranche 1 Notes” and “Conditions precedent to the completion to each of the respective completion of the Tranche 2 Notes and Tranche 3 Notes (other than the Tranche 1 Notes)” as disclosed in the Announcement shall be revised with the following conditions precedent pursuant to the Amended and Restated Agreement.

Conditions precedent to the completion of the First T1 Notes

The completion of the First T1 Notes is subject to the following conditions:

- (a) on the date of the Amended and Restated Agreement, there shall have been delivered to the Subscribers, a list setting out the names of the substantial shareholders of the Company (as defined under the Listing Rules) dated the date of the Amended and Restated Agreement, in such form and substance reasonably satisfactory to the Subscribers, which is certified to be true and accurate as at that date;
- (b) on or before the Closing Date of the First T1 Notes, the Company has a valid and subsisting General Mandate for the allotment and issue of the First T1 Notes and for the Maximum T1 Conversion Shares upon the exercise of the Conversion Rights in respect of the First T1 Notes, and the approval shall not have been amended, withdrawn, revoked or cancelled on or before each of the Closing Date of the First T1 Notes;
- (c) the Stock Exchange having granted or agreed to grant the listing of and permission to deal in the Conversion Shares in respect of the First T1 Notes and such approval and permission not subsequently being revoked or withdrawn on or before each of the Closing Date of the First T1 Notes;
- (d) (i) all the representations, warranties, undertakings and covenants of the Company including the warranties shall be accurate and correct in all respects at, and as if made on, the Closing Date of the First T1 Notes; (ii) the Company shall have performed all of its undertakings or obligations hereunder to be performed on or before the Closing Date of First T1 Notes; and (iii) there shall have been delivered to the Subscribers a certificate, dated as at the Closing Date of the First T1 Notes, certified to be true and correct by two directors or a director with the company secretary of the Company, to such effect;
- (e) all other necessary approvals, consents and waivers (including any governmental, regulatory and/or corporate approvals and consents), for the transactions contemplated under the Amended and Restated Agreement (in particular but without limitation the issue by the Company and the subscription by the Subscribers of the First T1 Notes, including any Shareholders or directors’ approval and other regulatory and/or corporate approvals and consents required by the Subscribers) having been obtained in form and substance satisfactory to the Subscribers (in the reasonable opinion of the Subscribers) and remaining valid and subsisting as at the Closing Date of the First T1 Notes;
- (f) there shall have been delivered to the Subscribers, each in form and substance satisfactory to the Subscribers certified on or dated, as the case may be, on the Closing Date of the First T1 Notes;

- (i) the documents as listed in the Amended and Restated Agreement, including but not limited to the annual reports, list of indebtedness and shareholding structure of the Company;
 - (ii) a legal opinion from the legal adviser of the Company in relation to Hong Kong laws, as shall be acceptable to the Subscribers;
 - (iii) certified true copies of (1) the resolutions of the directors of the Company; (2) the General Mandate; and (3) the listing approval from the Stock Exchange (all duly certified by a director or a company secretary of the Company), approving the issue of the First T1 Notes and the allotment and issue of the Conversion Shares in respect of the First T1 Notes in accordance with the terms of the Amended and Restated Agreement;
 - (iv) certified true copies of the relevant approvals (all duly certified by a director or a company secretary of the Company); and
 - (v) such other documents, opinions and certificates as the Subscribers may reasonably require in relation to the First T1 Notes issuance; and
- (g) the VWAP per Share on the date prior to the Closing Date of each of the First T1 Notes shall not be below the Benchmarked Price.

The Subscribers may at its discretion jointly waive compliance with the whole or any part of the above conditions which are capable of being waived at any time, provided always that any such waiver as aforesaid shall be without prejudice to the Subscribers' right to elect to treat any further or other such breach, failure or event as releasing and discharging it from its obligations to subscribe for the Convertible Notes as aforesaid.

For the avoidance of doubt, conditions (b), (c), (d) and (e) above are not capable of being waived.

If any of the conditions precedent above are not satisfied or jointly waived by the Subscribers, if capable of being waived, on or before the Fulfilment Date in respect of the First T1 Notes, the Subscribers shall inform the Company of its failure to fulfil the conditions precedents in writing and the Amended and Restated Agreement shall cease and the parties shall be released and discharged from their respective obligations thereunder except for (a) the liability of the Company for the payment of relevant costs and expenses; (b) the indemnity obligations of the Company; and (c) any antecedent breaches.

Conditions to each of the respective completion of the Remaining T1 Notes, Tranche 2 Notes and Tranche 3 Notes

The completion of each of the Remaining T1 Notes, Tranche 2 Notes and Tranche 3 Notes are subject to the following conditions:

- (a) the Company shall within two (2) Business Days from the date of the relevant announcement on the Stock Exchange, serve to the Subscribers via electronic communications, a copy of the circular issued by the Company in regards to seeking Shareholders' approval for the issuance of Remaining T1 Notes, Tranche 2 Notes and Tranche 3 Notes and allotment and issue of the Conversion Shares in accordance with the terms of the Amended and Restated Agreement;

- (b) the approvals of Shareholders obtained by the Company at a general meeting of the Company for the invitation for subscription, or the issue, of the Remaining T1 Notes, Tranche 2 Notes and Tranche 3 Notes and the allotment and the issue of the Conversion Shares in accordance with the terms of the Amended and Restated Agreement and all other matters in relation thereto and in connection therewith, shall remain effective and not have been amended, withdrawn, revoked, rescinded or cancelled and, where such approvals are obtained subject to any conditions and/or amendments, such conditions and/or amendments being acceptable to the Subscribers, and to the extent that any such conditions are required to be fulfilled on or before each subsequent Closing Date, they are fulfilled;
- (c) the Stock Exchange having granted or agreed to grant the listing of and permission to deal in the Conversion Shares in respect of Remaining T1 Notes, Tranche 2 Notes and Tranche 3 Notes and such approval and permission not subsequently being revoked or withdrawn;
- (d) all relevant approvals for the transactions contemplated under the Amended and Restated Agreement, obtained by the Company shall not have been amended, withdrawn, revoked, rescinded or cancelled on or prior to each subsequent Closing Date and, where such approvals were obtained subject to any conditions and/or amendments, such conditions and/or amendments being acceptable to the Subscribers, and to the extent that any such conditions are required to be fulfilled on or before each subsequent Closing Date, they are fulfilled;
- (e) at each subsequent Closing Date,
 - (i) all the representations, warranties, undertakings and covenants of the Company including the warranties set out in the Amended and Restated Agreement shall be accurate and correct in all respects at, and as if made on, that Closing Date;
 - (ii) the Company shall have performed all of its undertakings or obligations hereunder to be performed on or before that Closing Date; and
 - (iii) there shall have been delivered to the Subscribers a certificate, dated as at that Closing Date, certified to be true, to such effect;
- (f) all other necessary approvals, consents and waivers (including any governmental, regulatory and/or corporate approvals and consents), for the transactions contemplated under the Amended and Restated Agreement (in particular but without limitation the issue by the Company and the subscription by the Subscribers of the Convertible Notes, including any Shareholders or directors' approval and other regulatory and/or corporate approvals and consents required by the Subscribers) having been obtained in form and substance satisfactory to the Subscribers in its sole and absolute discretion and remaining valid and subsisting as at each subsequent Closing Date;
- (g) there shall have been delivered to the Subscribers, each in form and substance satisfactory to the Subscribers certified on or dated, as the case may be, on that Closing Date:
 - (i) the documents as listed in the Amended and Restated Agreement, including but not limited to the annual reports, list of indebtedness and shareholding structure of the Company; and

- (ii) such other documents, opinions and certificates as the Subscribers may reasonably require; and
- (h) the VWAP per Share on the date prior to the Closing Date of each of the Remaining T1 Notes, any T2 Notes and/or T3 Notes shall not be below the Benchmarked Price.

The Subscribers may at its discretion jointly waive compliance with the whole or any part of the above conditions which are capable of being waived at any time, provided always that any such waiver as aforesaid shall be without prejudice to the Subscribers' right to elect to treat any further or other such breach, failure or event as releasing and discharging it from its obligations to subscribe for the Convertible Notes as aforesaid. For the avoidance of doubt, conditions (b), (c), (d), (e) and (f) are not capable of being waived.

If any of the conditions precedent above are not satisfied or jointly waived by the Subscribers, if capable of being waived, on or before the each relevant Fulfilment Date in respect of such Remaining T1 Notes, Tranche 2 Notes or Tranche 3 Notes, the Subscribers shall have the right to (a) fix a new Closing Date in respect of such Remaining T1 Notes, Tranche 2 Notes or Tranche 3 Notes; or (b) elect not to proceed with completion of the subscription of such Remaining T1 Notes, Tranche 2 Notes or Tranche 3 Notes; or (c) terminate the Amended and Restated Agreement, in which event, the Subscribers shall inform the Company of its failure to fulfil the conditions precedents in writing and the Amended and Restated Agreement shall cease and the parties shall be released and discharged from their respective obligations under the Subscription Agreement, except for (i) the liability of the Company for the payment of relevant costs and expenses; (ii) any outstanding interest (if any); (iii) the indemnity obligations of the Company; and (iv) any antecedent breaches.

Rights of Noteholders to participate in securities of the Company (the “Pre-Emptive Rights”)

As disclosed in the Principal Terms of the Convertible Notes section of the Announcement, the Pre-Emptive Rights given to the Noteholders are set out as follows:

“The Company may offer and sell any new Shares provided that, in respect of any proposed private placement of such new Shares, the Company shall offer and sell such new Shares on the same terms and conditions to the Noteholders prior to offering such new Shares to any other person.

The Company or any Subsidiary (if applicable) may offer and sell any Equity-linked Securities provided that the Company shall, and the relevant Subsidiary (if applicable) shall, offer and sell such Equity-linked Securities to the Noteholders prior to offering such Equity-linked Securities to any other person; and the Equity-linked Securities shall not be convertible into Shares at a price which is below the Benchmarked Price, unless prior written consent of the Noteholders have been obtained.”

Pursuant to the Amended and Restated Agreement, the Pre-Emptive Rights shall not apply to the Noteholders of the First T1 Notes.

Fulfilment Date

As disclosed in the Announcement, the Company shall prior to the issue of the Tranche 2 Notes and Tranche 3 Notes and in any event no later than the Fulfilment Date, use its reasonable endeavor to obtain the approval of the Board and the Shareholders at the special general meeting for, among other things, the subscription or issue of the Tranche 2 Notes and Tranche 3 Notes. The Fulfilment Date shall be the date falling six (6) calendar months from the date of the Subscription Agreement, or such other date as the parties may agree in writing.

Pursuant to the Amended and Restated Agreement, the Fulfilment Date shall be amended as (i) two (2) months after the date of the Amended and Restated Agreement in respect of the First T1 Notes; (ii) two (2) months after the Closing Date of the First T1 Notes in respect of the Remaining T1 Notes; (iii) two (2) months from the date of the notice for exercising the Option by the Company in respect of any Tranche 2 Notes; and (iv) two (2) months from the date of the notice for exercising the Option by the Company in respect of any Tranche 3 Notes, or in each case such other date as the parties may agree in writing.

Further information including but not limited to, detailed use of proceeds and expected timetable for the Subscriber in subscribing the Convertible Notes, will be included in the circular to be despatched by the Company in relation to the Specific Mandates in respect of the Remaining T1 Notes, or the Tranche 2 Notes and Tranche 3 Notes if the Company exercises the Options.

Principal terms of the Convertible Notes

As disclosed in the Announcement, the interest rate of the Convertible Note is 2% per annum.

Pursuant to the Amended and Restated Agreement, in the event the closing price per Share falls and stays below the Benchmarked Price plus 10% for more than five consecutive Business Days, the interest rate for all outstanding Convertible Notes shall be adjusted to 8% per annum (“**Relevant BP Interest**”) retrospectively from the first Business Day of the above five consecutive Business Days period (“**Triggering Date**”), until the closing price per Share is at or higher than the Benchmarked Price plus 10% for more than fifteen consecutive Business Days (“**Subsequent 15 Business Day BP Period**”). The Relevant BP Interest commencing from the Triggering Date shall be due and payable by the Company to the Noteholders on the last Business Day of every month.

The Relevant BP Interest shall be readjusted downward to 2% per annum from the next Business Day immediately following the expiry of the Subsequent 15 Business Day BP Period, provided that all accrued and outstanding Relevant BP Interest and Default BP Interest (if any) shall have been paid by the Company to the Noteholders within three (3) Business Days from the expiry of the Subsequent 15 Business Day BP Period.

In the event the Company fails to pay the Relevant BP Interests by the relevant payment date, an additional default interest at the rate of 1% per month (“**Default Relevant BP Interest**”) shall be compounded on a monthly basis on all overdue amount (including the Relevant BP Interest), commencing from the next day immediately following the relevant payment date up to (and including) the date on which the Noteholders receives full payment of the Relevant BP Interest and Default Relevant BP Interest.

General

Save as disclosed above and other alignment amendments made in the Amended and Restated Agreement, all other terms and conditions of the Subscription Agreement (as amended and restated in the Amended and Restated Agreement) and the Convertible Notes shall remain unchanged and in full force and effect.

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, and unless Shareholders otherwise permit, all issues of equity securities by the Company must be offered to the existing shareholders pro rata to their existing holdings, and only to the extent that the securities offered are not taken up by such persons may they be allotted or issued to other persons or otherwise than pro rata to their existing holdings.

The Conversion Shares convertible under the First T1 Notes will be issued under the General Mandate. In addition, the Noteholders of the First T1 Notes will not have any Pre-Emptive Rights. Accordingly, the allotment and issue of the Conversion Shares under the First T1 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 20 August 2021 to allot, issue and deal with up to 20% of the then issued share capital of the Company.

The Company will convene a separate general meeting to seek the approval of the Shareholders on the transactions contemplated under the Remaining T1 Notes, including (i) the allotment and issue of the relevant Conversion Shares upon the exercise of the Conversion Right in respect of each of the Remaining T1 Notes; and (ii) the Pre-Emptive Rights to be granted to the Noteholders of the Remaining T1 Notes.

If the Options are exercised during the Option Period, the Company will convene a separate general meeting to seek the approval of the Shareholders on the transactions contemplated under the Tranche 2 Notes and the Tranche 3 Notes, including (i) the allotment and issue of the relevant Conversion Shares upon the exercise of the Conversion Right in respect of each of the Tranche 2 and Tranche 3 Notes; and (ii) the Pre-Emptive Rights to be granted to the Noteholders of the Tranche 2 and Tranche 3 Notes.

The Board is of the view that the amendments made to the terms of the Subscription Agreement and the Convertible Notes as set out in the Amended and Restated Agreement are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Completion of the Subscription is conditional upon, among other things, the listing of, and the permission to deal in the Conversion Shares being granted by the Stock Exchange. As such, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealings in the Shares.

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

Hong Kong, 18 July 2022

As at the date of this announcement, 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.