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FDG Electric Vehicles Limited
五龍電動車（集團）有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 729)

ADOPTION OF EMPLOYEES' SHARE AWARD SCHEME

The Board has adopted an employees' share award scheme in which the Eligible Employees will be entitled to participate. Under the Scheme Rules, the Awarded Shares will be purchased or subscribed by the Trustee at the cost of the Company and held on trust for the Selected Employees until the end of the relevant vesting period (if any). Vested Awarded Shares will be transferred to the Selected Employees at no cost (save for the Vesting Expenses). The number of Shares granted under the Scheme and held under the Trust with the Trustee throughout its duration is limited to 8% of the issued share capital of the Company at all relevant times.

On 29 June 2015, the Board has resolved to adopt the Scheme. A summary of the Scheme Rules is set out below:

Objectives of the Scheme

The objectives of the Scheme are:

1. to recognise the contributions by the Eligible Employees to the Group and to motivate them for the continual operation and further development of the Group;
2. to align the interests of the Eligible Employees with the shareholders of the Company for the benefit of the Group; and
3. to attract and retain suitable personnel for the interest of the Group and the shareholders of the Company as a whole.

Administration

The Scheme will be administered by the Board or the Executive Committee acting on behalf of the Board. If a Selected Employee or his/her associate is a member of the Board or the Executive Committee, such person or his/her associate will abstain from voting on any approval by the Board or the Executive Committee (as the case may be) of an Award to him/her.

The Executive Committee may, by passing resolutions approved by all of its members, act through any one or more of its members as authorized representative to give instructions or notices to the Trustee on all matters in connection with the Scheme and other matters in the routine administration of the Trust.

The Trustee will hold the Shares and the income derived therefrom in accordance with the Scheme Rules and subject to the terms of the Trust Deed.

Duration

Subject to any early termination as may be determined by the Board pursuant to the Scheme Rules, the Scheme will be valid and effective for a term of 10 years commencing on the Adoption Date.

Maximum Limit

The Company shall not make any further grant of Award which will result in the number of Shares granted under the Scheme and held under the Trust with the Trustee exceeding 8% of the total number of issued Shares from time to time.

Restrictions

No instructions and no payments to purchase or subscribe Shares will be given to the Trustee when any director of the Company is in possession of unpublished inside information in relation to the Group or where dealings by directors of the Company are prohibited under any code or requirement of the Listing Rules or any applicable law from time to time.

The Board or the Executive Committee may not make an Award pursuant to the Scheme to any director of the Company during the periods or times in which the directors of Company are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

Operation

Under the Scheme Rules, the Board may, from time to time and at its absolute discretion, designate any Eligible Employee(s) as a Selected Employee and determine the number of Awarded Shares (in multiple of Board Lots). The Board will, after having regard to all relevant circumstances and affairs of the Group including but without limitation to the Group's business and financial performance and cash flow position of the Group, determine any reference amount (including the number of Awarded Shares to be purchased or subscribed in connection with such reference amount) and transfer it to the Trustee in accordance with the terms of the Trust Deed for the purpose of, inter alia, purchasing or

subscribing such number of Awarded Shares. The Board will cause to pay the Trustee the purchase price and/or the subscription price and the related expenses. The Trustee will purchase on the market or subscribe for the relevant number of Awarded Shares and will hold such Shares until they are vested in accordance with the Scheme Rules.

When the Selected Employee has satisfied all vesting conditions specified by the Board at the time of making the Award (if any) and becomes entitled to the Awarded Shares, the Trustee will transfer the relevant vested Awarded Shares to that employee at no cost (save for the Vesting Expenses).

Vesting and Lapse

A Selected Employee will be entitled to receive the Awarded Shares held by the Trustee when the Selected Employee has satisfied the relevant vesting conditions specified by the Board at the time of making the Award (if any). Vesting of the Shares will be conditional on the Selected Employee remaining an Employee at all times after the date of final approval by the Board of the Award to be granted to the Selected Employees in a single occasion pursuant to the Scheme and until the respective date(s) which each of the vesting and other conditions of the grant are fulfilled.

Subject to the death or retirement of a Selected Employee and unless otherwise determined by the Board, an Award will automatically lapse when (i) a Selected Employee ceases to be an Employee for whatever reason, or (ii) the subsidiary by which the Selected Employee is employed ceases to be a member of the Group, or (iii) the relevant advisor/consultant ceases its relationship with the Group, or (iv) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company).

If a Selected Employee dies, or retires (in accordance with the relevant law and retirement policy of the Group from time to time) at any time prior to a vesting date or unless otherwise determined by the Board, all the Awarded Shares will be deemed to be vested on the day immediately prior to his/her death or retirement.

If there is no claim of the vested Awarded Shares by the legal representative of the deceased Selected Employee within two years of the death of the Selected Employee (or such longer period as the Board will determine from time to time) or such period as prescribed under applicable law (whichever is shorter), such vested Awarded Shares will be forfeited and be held as Returned Shares for the purposes of the Scheme.

In the event that (i) a Selected Employee is found to be an Excluded Employee or (ii) a Selected Employee fails to return duly executed Vesting Documents and/or pay the Vesting Expenses (if applicable) for the relevant Awarded Shares within the stipulated period, the relevant part of an Award made to such Selected Employee will automatically lapse forthwith and the relevant Awarded Shares will not vest on the relevant vesting date but will become Returned Shares for the purposes of the Scheme.

Unless otherwise determined by the Board, if there occurs an event of change in control (as specified in the Codes on Takeovers and Mergers from time to time) of the Company, whether by way of offer, merger, scheme of arrangement or otherwise, all the Awarded

Shares will immediately vest on the date when such change in control event becomes or is declared unconditional and such date will be deemed the vesting date.

Returned Shares

The Trustee will hold the Returned Shares exclusively for the benefit of all or one or more of the Eligible Employees and the Board may, from time to time and at its absolute discretion, designate any Eligible Employee and determine the number of Returned Shares (in multiple of Board Lots) to be awarded.

Voting Rights

The Trustee may, at its sole and absolute discretion and acting in the interest of its beneficiaries, exercise the voting rights in respect of any Shares or derivatives held under the Trust (including but not limited to the Awarded Shares, the Further Shares, the Returned Shares, any bonus Shares and scrip Shares) and no instruction was to be given by the Company to the Trustee in connection with any use of such voting rights.

Share awards to directors and/or connected persons

In respect of any grant of the Awarded Shares to Eligible Employees who are directors of the Company and/or its subsidiaries and/or connected persons of the Company shall comply with all applicable laws, rules and regulations including the Listing Rules.

Termination

The Scheme will terminate on the earlier of the 10th anniversary of the Adoption Date or such date of early termination as determined by the Board provided that such termination will not affect any subsisting rights of the Selected Employees. Unless upon termination in accordance with the Scheme Rules or if such appropriation is necessary to disburse any costs of establishing or administering the Trust, no instructions will be given by the Company to the Trustee to sell any part of the Shares held within the Trust, and no Shares will be sold by the Trustee.

Upon termination,

- (i) all Awarded Shares will continue to be valid until vested, lapsed or forfeited in accordance with the Scheme;
- (ii) Returned Shares and such non-cash income remaining in the Trust will be sold by the Trustee, as soon as practicable but in any event within 20 business days (on which the trading of the Shares has not been suspended) of receiving notice of such termination of the Scheme (or such longer period as the Board may otherwise determine) at the then prevailing market price; and
- (iii) net sale proceeds of the Returned Shares and such non-cash income together with the Residual Cash and such other funds remaining in the Trust (after making appropriate deductions in respect of all disposal costs, liabilities and expenses in accordance with the Trust Deed) will be remitted to the Company forthwith after the sale.

Definitions

“Adoption Date”	29 June 2015, being the date on which the Board adopted the Scheme;
“Award”	the Shares to be awarded to the Eligible Employee under the Scheme Rules and an award of Shares by the Board pursuant to the Scheme Rules to a Selected Employee to receive such number of Awarded Shares on such terms and conditions as the Board may determine;
“Awarded Shares”	in respect of a Selected Employee, such number of Shares determined by the Board under an Award;
“Board”	the board of directors of the Company or the Executive Committee;
“Board Lots”	the trading board lot size of the Shares on The Stock Exchange of Hong Kong Limited from time to time;
“business day”	has the meaning ascribed thereto in the Listing Rules;
“Company”	FDG Electric Vehicles Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited;
“connected person”	has the meaning ascribed thereto in the Listing Rules;
“Eligible Employee”	any Employee (excluding any Excluded Employee) who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any member of the Group;
“Employee”	any employee (whether full-time or part-time), director (including executive, non-executive and independent non-executive director) or advisor/consultant (whether a person or any form of corporation) of any member of the Group or any employee of such advisor or consultant;
“Excluded Employee”	any Employee who is resident in a place where the settlement of the amount caused to be paid by the Board to the Trustee for the purchase or subscription of Awarded Shares and the award of Shares and/or the award of the Returned Shares and/or the vesting and transfer of Shares pursuant to the terms of the Scheme Rules are not permitted under the laws and regulations of such place or where in the view of the Board or the Trustee (as the case may be) compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such Employee;

“Executive Committee”	a committee established by the Board from time to time and delegated with the power and authority by the Board to administer the Scheme and if no such committee has been established, then the remuneration committee of the Company from time to time;
“Further Shares”	Shares purchased or subscribed by the Trustee out of Residual Cash and/or Related Income;
“Group”	the Company, all of its subsidiaries and such entities which are considered as subsidiaries of the Company under the applicable accounting standard and policy;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Related Income”	in relation to an Awarded Share, all income derived from such Awarded Share held upon the Trust in the form of cash or scrip (including but not limited to, the Further Shares, any cash dividend or distribution, and any bonus Shares or scrip Shares received in respect of the relevant Awarded Share). For the avoidance of doubt, excluding any nil-paid right, bonus warrant, non-cash and non-scrip distribution or proceeds of sale of the same or Residual Cash;
“Residual Cash”	being cash remaining in the trust fund (including interest income derived from deposits maintained with licensed banks in Hong Kong, cash income and sale proceeds of non-cash and non-scrip distributions declared and distributed by the Company in respect of the Shares held upon the Trust);
“Returned Shares”	such Awarded Shares which are not vested and/or forfeited or which are vested but unclaimed in accordance with the terms of the Scheme Rules;
“Scheme”	the employees’ share award scheme adopted by the Board on 29 June 2015 whereby awards of Shares may be made to Employees (such Shares being purchased or subscribed by the Trustee) pursuant to the Trust Deed and the Scheme Rules;
“Scheme Rules”	the rules of the Scheme;
“Selected Employee(s)”	Eligible Employee(s) selected by the Board pursuant to the Scheme Rules or who hold(s) a subsisting Award;
“Shares”	ordinary shares of HK\$0.01 each in the capital of the Company (or of such other nominal amount as will result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time);

“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules;
“Trust”	the trust constituted by the Trust Deed;
“Trust Deed”	a trust deed to be entered into between Company and the Trustee for the purpose of holding the Awarded Shares on behalf of the Selected Employee as trustee until the relevant vesting date and in accordance with the Scheme Rules (as rendered, restated, supplemented and amended from time to time);
“Trustee”	Such person(s) who will be appointed as the Trustee of the Trust to administer the Scheme from time to time;
“Vesting Documents”	<p>(i) the election form sent by the Trustee to a Selected Employee in connection with the vesting of his Awarded Shares; and</p> <p>(ii) any transfer documents required by the Trustee to transfer such Awarded Shares to, or the order of, the Selected Employee in accordance with the instructions set out in that Selected Employee’s election form,</p> <p>and such other documents that the Trustee may require from time to time to transfer such Awarded Shares in accordance with the instructions set out in that Selected Employee’s election form; and</p>
“Vesting Expenses”	all transfer fees, duties, taxes (including withholding taxes), social security contributions and other levies or related costs associated with the sale, vesting, release or transfer of the relevant Awarded Shares and in accordance with the instructions set out in the Vesting Documents.

By Order of the Board
FDG Electric Vehicles Limited
Jaime Che
Executive Director

Hong Kong, 29 June 2015

As of the date of this announcement, the Board comprises Mr. Cao Zhong (Chairman and Chief Executive Officer), Mr. Miao Zhenguo (Deputy Chairman), Dr. Chen Yanping (Chief Operating Officer), Mr. Lo Wing Yat and Mr. Jaime Che (Vice President) as executive directors; Professor Chen Guohua as non-executive director; and Mr. Chan Yuk Tong, Mr. Fei Tai Hung and Mr. Tse Kam Fow as independent non-executive directors.

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