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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)

GRANT OF SHARE OPTIONS

GRANT OF SHARE OPTIONS

The Board hereby announces that on 31 July 2017, it has resolved to grant to the eligible participants, pursuant to the Scheme, a total of 2,118,000,000 Options to subscribe for 2,118,000,000 Shares (subject to their acceptance and satisfaction of the conditions as described below), in which 1,018,000,000 Options are granted to the Directors and 1,100,000,000 Options are granted to FDG Employee Trust.

The grant of the Options to Mr. Cao Zhong and FDG Employee Trust is conditional upon the approval of the Shareholders as:

- (i) the grant of 220,000,000 Options to Mr. Cao Zhong (being the chairman, chief executive officer, executive Director and substantial shareholder of the Company) (a) represents over 0.1% of the Shares in issue as at the date of this announcement, and (b) has a value in excess of HK\$5 million based on the closing price of the Shares on 31 July 2017, and thus approval by the independent Shareholders is required under Rule 17.04(1) of the Listing Rules and the Scheme; and
- (ii) the grant of 1,100,000,000 Options to FDG Employee Trust exceeds 1% of the Shares in issue as at the date of this announcement, and thus approval by the Shareholders is required under Rule 17.03(4) of the Listing Rules and the Scheme.

VESTING CONDITIONS

The vesting of the Options is conditional upon fulfillment of the following Performance Target(s) according to the following manner:

- (1) 50% of the Options (i.e. 1,059,000,000 Options) shall be vested if, as stated in the audited consolidated financial statements of the Company for any financial year within the validity period of the Options, (i) revenue and other income exceed HK\$2 billion; or (ii) net profit before tax exceeds HK\$200 million; and
- (2) 50% of the Options (i.e. 1,059,000,000 Options) shall be vested if, as stated in the audited consolidated financial statements of the Company for any financial year within the validity period of the Options, (i) revenue and other income exceed HK\$5 billion; or (ii) net profit before tax exceeds HK\$500 million.

If the Performance Target is not met before expiry of the validity period of the Options (i.e. 30 July 2027), the Options granted to the grantees will automatically lapse.

If the Performance Target is met for any financial year within the validity period of the Options, the relevant Options will be vested accordingly and become exercisable. Failure to meet the Performance Target(s) for financial year(s) subsequent to the vesting of the Options will not affect the grantees' right to exercise the vested Options.

SPECIAL GENERAL MEETING

The Special General Meeting will be convened for the Shareholders or the independent Shareholders (as the case may be) to consider and, if thought fit, approve, among other things, the grant of the Options to Mr. Cao Zhong and FDG Employee Trust. A circular containing, among other things, details of the grant of the Options to Mr. Cao Zhong and FDG Employee Trust, together with the notice of the Special General Meeting, will be despatched to the Shareholders in due course.

GRANT OF SHARE OPTIONS

This announcement is made pursuant to Rule 17.06A of the Listing Rules.

The Board hereby announces that on 31 July 2017, it has resolved to grant to the eligible participants, pursuant to the Scheme, a total of 2,118,000,000 Options to subscribe for 2,118,000,000 Shares (subject to their acceptance and satisfaction of the conditions as further described below), with the principal terms as follows:

Date of grant of the Options	:	31 July 2017
Number of the Options granted	:	2,118,000,000 Options
Exercise price of the Options granted	:	HK\$0.40 per Share
Closing price of the Shares on the date of grant of the Options	:	HK\$0.315 per Share
Validity period of the Options	:	10 years, from 31 July 2017 to 30 July 2027 (both dates inclusive)
Vesting conditions	:	The vesting of the Options is conditional upon fulfillment of the following performance target(s) of the Company (the " Performance Target(s) ") according to the following manner:

- (1) 50% of the Options (i.e. 1,059,000,000 Options) shall be vested if, as stated in the audited consolidated financial statements of the Company for any financial year within the validity period of the Options, (i) revenue and other income exceed HK\$2 billion; or (ii) net profit before tax exceeds HK\$200 million; and
- (2) 50% of the Options (i.e. 1,059,000,000 Options) shall be vested if, as stated in the audited consolidated financial statements of the Company for any financial year within the validity period of the Options, (i) revenue and other income exceed HK\$5 billion; or (ii) net profit before tax exceeds HK\$500 million.

If the Performance Target is not met before expiry of the validity period of the Options (i.e. 30 July 2027), the Options granted to the grantees will automatically lapse.

If the Performance Target is met for any financial year within the validity period of the Options, the relevant Options will be vested accordingly and become exercisable. Failure to meet the Performance Target(s) for financial year(s) subsequent to the vesting of the Options will not affect the grantees' right to exercise the vested Options.

A total of 2,118,000,000 Options to subscribe for 2,118,000,000 Shares (representing approximately 9.46% of the total issued share capital of the Company as at the date of this announcement) are granted, in which 1,018,000,000 Options to subscribe for 1,018,000,000 Shares (representing approximately 4.54% of the total issued share capital of the Company as at the date of this announcement) are granted to the Directors and 1,100,000,000 Options to subscribe for 1,100,000,000 Shares (representing approximately 4.91% of the total issued share capital of the Company as at the date of this announcement) are granted to FDG Employee Trust, which is a company under the employee benefit trust established by the Company for employees of the Group and other persons as designated by the Company (details of such trust were set out in the announcement of the Company dated 28 November 2016). Details of the Options granted are set out as follows:

Name of the grantee of the Options	Position in/Relationship with the Company	Number of Options
Cao Zhong	Chairman, chief executive officer, executive Director and substantial shareholder	220,000,000
Miao Zhengguo	Deputy chairman and executive Director	180,000,000
Tong Zhiyuan	Chief operating officer and executive Director	200,000,000
Chen Yanping	Chief technical officer and executive Director	150,000,000
Lo Wing Yat	Executive Director	30,000,000
Jaime Che	Vice president and executive Director	150,000,000
Chan Yuk Tong	Independent non-executive Director	22,000,000
Fei Tai Hung	Independent non-executive Director	22,000,000
Tse Kam Fow	Independent non-executive Director	22,000,000
Xu Jingbin	Independent non-executive Director	22,000,000
Subtotal of the Options granted to the Directors		1,018,000,000
FDG Employee Trust	Eligible participant under the Scheme	1,100,000,000
Total		2,118,000,000

The grant of the Options to each of the above Directors has been approved by the independent non-executive Directors in accordance with the Listing Rules (excluding the independent non-executive Director who is the grantee of the Options concerned).

Save as disclosed in this announcement, none of the grantees of the Options is a director, chief executive (as defined under the Listing Rules) or substantial shareholder of the Company, or an associate of any of them.

Reasons for the Grant of the Options

The purpose of the Scheme is to enable the Company to grant options to the participants to subscribe for the Shares: (i) in recognition of their contribution to the Group; (ii) to attract and retain or otherwise maintain an on-going relationship with them for the benefit of the Group; and (iii) to align their interests with the Shareholders, thereby encouraging them to work towards enhancing the value of the Shares.

The Directors considered that the grant of Options to the Directors provides them with rights to obtain equity interests in the Company and motivates them to contribute further to the success of the Group and therefore is in the interests of the Company and the Shareholders as a whole.

The Directors also considered that the grant of Options to FDG Employee Trust, a company under the employee benefit trust established by the Company, is for the purposes of attracting, retaining and incentivizing employees for their commitments and contributions to the on-going growth of the Group and aligning their interests with the financial performance of the Company and therefore is in the interests of the Company and the Shareholders as a whole.

Listing Rules Implications

Pursuant to Rule 17.04(1) of the Listing Rules and the Scheme, where any grant of options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant (a) representing in aggregate over 0.1% of the Shares in issue; and (b) having an aggregate value, based on the closing price of the Shares on the date of each grant, in excess of HK\$5 million, such further grant of options must be approved by the Shareholders.

The grant of 220,000,000 Options to subscribe for 220,000,000 Shares (representing 0.98% of the total issued share capital of the Company as at the date of this announcement) to Mr. Cao Zhong, a substantial shareholder of the Company, represents over 0.1% of the Shares in issue as at the date of this announcement and having a value in excess of HK\$5 million based on the closing price of the Shares of HK\$0.315 on the date of grant. No share option of the Company had been granted to Mr. Cao Zhong within the 12-month period prior to the grant of the Options. The grant of 220,000,000 Options to Mr. Cao Zhong shall be subject to the approval by the independent Shareholders at the Special General Meeting. Mr. Cao Zhong, his associates and all core connected persons of the Company shall abstain from voting in favour on the relevant resolution at the Special General Meeting.

Pursuant to Rule 17.03(4) of the Listing Rules and the Scheme, the total number of Shares issued and to be issued upon exercise of the share options granted to each participant in any 12-month period must not exceed 1% of the Shares in issue unless approved by the Shareholders in general meeting.

The grant of 1,100,000,000 Options to subscribe for 1,100,000,000 Shares (representing approximately 4.91% of the total issued share capital of the Company as at the date of this announcement) to FDG Employee Trust exceeds 1% of the Shares in issue as at the date of this announcement. No share option of the Company had been granted to FDG Employee Trust within the 12-month period prior to the grant of the Options. The grant of 1,100,000,000 Options to FDG Employee Trust shall be subject to the approval by the Shareholders at the Special General Meeting.

SPECIAL GENERAL MEETING

The Special General Meeting will be convened for the Shareholders or the independent Shareholders (as the case may be) to consider and, if thought fit, approve, among other things, the grant of the Options to Mr. Cao Zhong and FDG Employee Trust. A circular containing, among other things, details of the grant of the Options to Mr. Cao Zhong and FDG Employee Trust, together with the notice of the Special General Meeting, will be despatched to the Shareholders in due course.

DEFINITIONS

In this announcement, the following terms shall have the meanings set out below unless the context requires otherwise:

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of the Company;
“Company”	FDG Electric Vehicles Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (Stock Code: 729);
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“FDG Employee Trust”	FDG EBT (Share Option) Limited, a company incorporated in the British Virgin Islands with limited liability, which is an eligible participant under the Scheme and is also a company under the employee benefit trust established by the Company;
“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;
“Options”	a total of 2,118,000,000 share options of the Company granted to the Directors and FDG Employee Trust on 31 July 2017 to subscribe for 2,118,000,000 Shares pursuant to the Scheme;
“Scheme”	the share option scheme adopted by the Company on 28 February 2014;
“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);
“Special General Meeting”	a special general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, approve, among other things, the grant of the Options to Mr. Cao Zhong and FDG Employee Trust;

“Stock Exchange” The Stock Exchange of Hong Kong Limited;

“substantial shareholder(s)” has the meaning ascribed to it under the Listing Rules; and

“%” per cent.

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

Hong Kong, 31 July 2017

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

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