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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your securities in **FDG Electric Vehicles Limited**, you should at once hand this circular and the enclosed proxy form to the purchaser(s) or transferee(s) or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

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A notice convening the special general meeting of FDG Electric Vehicles Limited to be held at Salon II, Level M, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Tuesday, 29 August 2017 at 11:15 a.m. is set out on pages 9 to 10 of this circular.

Whether or not a shareholder of the Company is able to attend the meeting, he is requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar and transfer office, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or adjourned meeting. Completion and return of the proxy form will not preclude a shareholder of the Company from attending and voting in person at the meeting or any adjournment thereof should he so wish and in such event the relevant proxy form shall be deemed to be revoked.

Hong Kong, 8 August 2017

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## DEFINITIONS

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*In this circular, the following expressions shall have the following meanings unless the context otherwise requires:*

“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 dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	4 August 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“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;

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## DEFINITIONS

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“Scheme”	the share option scheme adopted by the Company on 28 February 2014;
“SGM”	the special general meeting of the Company to be held at Salon II, Level M, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Tuesday, 29 August 2017 at 11:15 a.m. or any adjournment thereof, the notice of which is set out on pages 9 to 10 of this circular;
“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;
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules; and
“%”	per cent.

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## LETTER FROM THE BOARD

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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)**

***Executive Directors:***

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

Mr. Jaime Che (*Vice President*)

***Non-executive Director:***

Mr. Wong Kwok Yiu

***Independent non-executive Directors:***

Mr. Chan Yuk Tong

Mr. Fei Tai Hung

Mr. Tse Kam Fow

Mr. Xu Jingbin

***Registered office:***

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

***Principal place of business in  
Hong Kong:***

Rooms 3001–3005, 30th Floor

China Resources Building

26 Harbour Road

Wanchai

Hong Kong

8 August 2017

*To the Shareholders, and for information only, the optionholders and holders of  
convertible bonds of the Company*

Dear Sir or Madam,

### **GRANT OF SHARE OPTIONS AND NOTICE OF SPECIAL GENERAL MEETING**

#### **INTRODUCTION**

Reference is made to the announcement of the Company dated 31 July 2017 in relation to the grant of the Options. The purpose of this circular is to provide you with, among other things, details of the grant of the Options and a notice of SGM.

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## LETTER FROM THE BOARD

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### GRANT OF SHARE OPTIONS

On 31 July 2017, the Board 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). The grant of 220,000,000 Options to Mr. Cao Zhong, the chairman, the chief executive officer, an executive director and a substantial shareholder of the Company, and the grant of 1,100,000,000 Options to FDG Employee Trust are conditional upon the approval of the Shareholders, with principal terms as follows:

Date of grant of the Options	:	31 July 2017
Number of Options granted	:	2,118,000,000 Options
Exercise price of the Options granted	:	HK\$0.40 per Share, being not less than the highest of (i) the closing price of HK\$0.315 per Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; (ii) the average closing price of HK\$0.317 per Share as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) HK\$0.01, nominal value of the Share.
Closing price of the Shares on the date of grant of the Options	:	HK\$0.315 per Share
Consideration for grant of the Options	:	HK\$1.00 to be paid by each grantee upon acceptance of the Options. The Options, in whole or in part, may be accepted by the eligible participants within 21 days from the date of grant.
Validity period of the Options	:	10 years, from 31 July 2017 to 30 July 2027 (both dates inclusive)

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## LETTER FROM THE BOARD

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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.

Save as mentioned above, the grantees are not required to hold the Options for any minimum period before the exercise of the Options.

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## LETTER FROM THE BOARD

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The Shares to be issued upon the exercise of the Options will rank pari passu in all respects with the fully-paid Shares in issue on the date on which the Options are duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the “**Exercise Date**”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. Shares issued upon the exercise of the Options shall not carry voting rights until the name of the grantee has been duly entered on the register of members of the Company as the holder thereof.

The grant of the Options to Mr. Cao Zhong and FDG Employee Trust has been approved by the independent non-executive Directors in accordance with the Listing Rules.

As at the Latest Practicable Date, none of the Directors is trustee of the Scheme nor has any direct or indirect interest in the trustee(s) of the Scheme.

### **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 Mr. Cao Zhong gives recognition for his contribution to the business of the Group and provides Mr. Cao Zhong an incentive to align his interests with the financial performance of the Company 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.



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## LETTER FROM THE BOARD

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### **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.

As at the date of grant of the Options, there were 22,398,477,108 Shares in issue. As at the Latest Practicable Date, Mr. Cao Zhong is beneficially interested in 2,657,859,998 Shares, representing approximately 11.87% of the total number of Shares in issue. The grant of 220,000,000 Options to subscribe for 220,000,000 Shares (representing approximately 0.98% of the total number of Shares in issue as at the date of grant) to Mr. Cao Zhong, a substantial shareholder of the Company, represents in aggregate over 0.1% of the Shares in issue as at the date of grant and having an aggregate 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 SGM. Mr. Cao Zhong, his associate and all core connected persons of the Company shall abstain from voting in favour of such resolution at the SGM. As at the Latest Practicable Date, Mr. Cao Zhong, his associates and all core connected persons of the Company held in aggregate 5,743,370,041 Shares, representing approximately 25.64% of the total number of Shares in issue. As at the Latest Practicable Date, the Directors were not aware that any Shareholders had stated their intention to vote against the resolution approving the grant of 220,000,000 Options to Mr. Cao Zhong at the SGM.

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 number of Shares in issue as at the date of grant) to FDG Employee Trust exceeds 1% of the total number of Shares in issue as at the date of grant. 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 SGM.

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## LETTER FROM THE BOARD

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### SGM

Notice of the SGM is set out on pages 9 to 10 of this circular. A proxy form for use at the SGM is enclosed with this circular. Whether or not a Shareholder is able to attend the meeting, he is requested to complete the proxy form in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar and transfer office, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude a Shareholder from attending and voting in person at the SGM or any adjournment thereof should he so wish. In the event that a Shareholder having lodged a proxy form attends the SGM, his proxy form will be deemed to be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. As such, all the resolutions set out in the notice of the SGM will be decided by poll.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

### RECOMMENDATION

The Board (including all of the independent non-executive Directors) considers the resolutions in relation to the grant of the Options to Mr. Cao Zhong and FDG Employee Trust to be in the best interests of the Company and Shareholders as a whole and recommends Shareholders to vote in favour of the relevant resolutions at the SGM.

Yours faithfully,  
By order of the Board  
**FDG Electric Vehicles Limited**  
**Jaime Che**  
*Executive Director*

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## NOTICE OF SGM

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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)**

**NOTICE IS HEREBY GIVEN** that the special general meeting of FDG Electric Vehicles Limited (the “**Company**”) will be held at Salon II, Level M, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Tuesday, 29 August 2017 at 11:15 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:

#### **ORDINARY RESOLUTIONS**

Unless otherwise indicated, capitalized terms used herein shall have the same meanings as those defined in the circular of the Company dated 8 August 2017 (the “**Circular**”).

1. “**THAT** the grant of 220,000,000 Options to Mr. Cao Zhong to subscribe for 220,000,000 Shares at the exercise price of HK\$0.40 per share and on the terms and conditions as set out in the Circular be and is hereby approved, confirmed and ratified and that any one director of the Company is hereby authorized to do all such acts and/or execute all such documents as may be necessary or expedient in order to give full effect to such grant and exercise of the Options.”
2. “**THAT** the grant of 1,100,000,000 Options to FDG Employee Trust to subscribe for 1,100,000,000 Shares at the exercise price of HK\$0.40 per share and on the terms and conditions as set out in the Circular be and is hereby approved, confirmed and ratified and that any one director of the Company is hereby authorized to do all such acts and/or execute all such documents as may be necessary or expedient in order to give full effect to such grant and exercise of the Options.”

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

Hong Kong, 8 August 2017

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## NOTICE OF SGM

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*Notes:*

1. Any shareholder of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A proxy needs not be a shareholder of the Company.
2. To be valid, a proxy form, together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or that authority shall be deposited at the Company's Hong Kong branch share registrar and transfer office, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not less than 48 hours before the time for holding the meeting or any adjournment thereof.
3. In order to be eligible to attend and vote at the special general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 23 August 2017.
4. Delivery of the proxy form shall not preclude a shareholder from attending and voting in person at the meeting or upon the poll concerned and, in such event, the relevant proxy form shall be deemed to be revoked.