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**Shinlong Automotive Lightweight Application Limited**

**勛龍汽車輕量化應用有限公司**

*(incorporated in Cayman Islands with limited liability)*

**(Stock code: 1930)**

**(1) ADOPTION OF SHARE AWARD SCHEME**

**(2) GRANT OF SHARE AWARDS UNDER THE SHARE AWARD SCHEME**

**AND**

**(3) GRANT OF SHARE OPTIONS UNDER THE SHARE OPTION SCHEME**

**(1) ADOPTION OF SHARE AWARD SCHEME**

The Board is pleased to announce that it has approved the adoption of the Share Award Scheme on 18 May 2021. The purposes of the Share Award Scheme are (i) to recognise and reward the contributions of certain Eligible Persons and to give incentives to them in order to retain them for the continual operation and development of the Group, and (ii) to attract suitable personnel for further development of the Group.

The Share Award Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme within the meaning of Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. No shareholders' approval is required for the adoption of the Share Award Scheme.

**(2) GRANT OF SHARE AWARDS UNDER THE SHARE AWARD SCHEME**

On 18 May 2021, the Board has resolved to grant an aggregate of 9,248,000 Awarded Shares to 24 Selected Participants who are Eligible Persons under the Share Award Scheme, subject to the acceptance of the Selected Participants. The relevant awardees shall contribute HK\$0.20 per Awarded Share, being approximately 50% of the average closing price of HK\$0.394 per Share as stated in the daily quotations sheets issued by the Stock Exchange for the five consecutive trading days immediately preceding the Date of Grant. The Awarded Shares represent approximately 1.40% of the total number of issued Shares of the Company as at the date of this announcement (being 660,000,000 Shares).

**(3) GRANT OF SHARE OPTIONS UNDER THE SHARE OPTION SCHEME**

On 18 May 2021, the Board further resolved to grant 9,248,000 Share Options to 24 Grantees who are Eligible Persons under the Share Option Scheme, subject to the acceptance of the Grantees. The Share Options will entitle the Grantees to subscribe for up to a total of 9,248,000 new Shares, representing approximately 1.40% of the total number of issued Shares of the Company as at the date of this announcement (being 660,000,000 Shares) and approximately 1.38% of the total number of issued Shares of the Company as enlarged by the issue of the new Shares upon the exercise of all the Share Options (being 669,248,000 Shares).

## **(1) ADOPTION OF THE SHARE AWARD SCHEME**

The Board is pleased to announce that it has approved the adoption of the Share Award Scheme on 18 May 2021, pursuant to which the Company may grant Awarded Shares to the Selected Participants. A summary of the principal terms of the Share Award Scheme is set out below.

### **Purposes**

The purposes of the Share Award Scheme are:

- (i) to recognise and reward the contributions of certain Eligible Persons and to give incentives to them in order to retain them for the continual operation and development of the Group; and
- (ii) to attract suitable personnel for further development of the Group.

### **Administration**

The day-to-day management of the Share Award Scheme will be carried out pursuant to the Scheme Rules and the terms of the Trust Deed by the Share Award Administration Committee authorised by the Board, and shall comply with all applicable laws and regulations (including the Listing Rules) and the memorandum and articles of association of the Company from time to time.

The power and authority to instruct the Trustee to apply the funds made available to it to purchase and/or subscribe Shares, and to determine Awards to the Selected Participants under the Share Award Scheme shall be delegated to the Share Award Administration Committee.

Any dispute arising out of or in connection with the Share Award Scheme (whether in respect of granted Shares, vesting conditions or others) shall be referred to the Board, and the decision of the Board shall be final and binding on all persons who may be affected.

### **Duration and termination**

The Share Award Scheme shall be valid and effective for ten (10) years from the Adoption Date unless early terminated by the Board in accordance with the Scheme Rules.

The Board may by resolution terminate earlier the operation of the Share Award Scheme provided that such termination shall not affect any subsisting rights of any Selected Participant in respect of any Award made to him/her prior to such termination.

Upon termination or expiration of the Share Award Scheme, all the Awarded Shares of the Selected Participants that have not been vested shall become vested, unless the Board otherwise determine. The Trustee shall sell all the Trust Shares which have not been designated in favour of any particular Selected Participant as at the date of termination or expiration together with other non-cash income that may be held under the Trust Deed within twenty (20) business days or other period as the Share Award Administration Committee and the Trustee may agree, and remit the sale proceeds (after deducting the relevant expenses) to the Company together with any income, distribution, and unused cash held under the Trust Deed.

### **Scheme limits**

The total number of Shares to be purchased and/or subscribed by the Trustee for the purpose of the Share Award Scheme shall not exceed 10% of the total number of issued Shares of the Company as at the Adoption Date.

The maximum number of Awarded Shares which may be granted to each Selected Participant under the Share Award Scheme shall not exceed 1% of the total number of issued Shares of the Company as at the Adoption Date.

## **Operation**

The Share Award Administration Committee may, subject to the restrictions as set out in the paragraph headed “Scheme limits” and “Restrictions” in this announcement, from time to time, at its absolute discretion select any Eligible Person(s) for participation in the Share Award Scheme as Selected Participant(s) and determine the number of the Awarded Shares for each of them and notify the Trustee of its decision. Where any grant of Awards is proposed to be made to any Selected Participant who is a Director and/or senior management, such grant must first be approved by the Remuneration Committee. In the event that a Selected Participant or his/her associate is a member of the Remuneration Committee or the Share Award Administration Committee, such person or his/her associate will abstain from voting on any approval of the Awards proposed to be granted to such Selected Participant.

The Company will from time to time (including, without limitation, as part of its periodic budgeting exercise for staff compensation in respect of the Director(s), senior management and/or employee(s) (including possible future recruits) of the Group) allocate an amount of cash to the Trustee for the purchase/subscription of Shares for Awards to be made to the Selected Participants, and/or in anticipation of Awards to be made to certain Eligible Person(s) and/or future recruits, and the Board shall procure the Company to pay the above funds to the Trustee as soon as practicable. The Share Award Administration Committee shall direct and procure the Trustee to use the above mentioned funds provided by the Company and/or any cash income of the Share Award Scheme (i) to purchase existing shares on the Stock Exchange at any price up to the maximum price of the Shares as the Share Award Administration Committee deems appropriate, and/or (ii) to subscribe for new Shares either under the general mandate on the relevant date of grant or under a specific mandate approved or to be approved by the shareholders of the Company at such subscription price as Share Award Administration Committee direct (subject to the granting of listing of, and permission to deal in such Shares by the Stock Exchange).

## **Vesting and lapse**

The Share Award Administration Committee may, as its sole and absolute discretion, determine any vesting conditions (including without limitation, vesting period and/or performance targets, payment of a certain purchase price to the Company (at a discount to the prevailing average closing market prices of the Shares in the period prior to the Award as determined by the Share Award Administration Committee) and other criteria, if any, to be satisfied by the Selected Participants) as it deems appropriate. Subject to the terms and conditions of the Share Award Scheme and the fulfilment of all vesting conditions (if any) to the vesting of the Awarded Shares on a Selected Participant as specified in the Share Award Scheme and the relevant letter of Award and upon receipt of all required information, the Trustee shall transfer the Awarded Shares to such Selected Participant as soon as practicable on or after the Vesting Date.

Save as provided in the Scheme Rules, in the event that prior to or on the Vesting Date in respect of a Selected Participant, (i) the relevant Selected Participant died, (ii) the relevant Selected Participant ceases to be an Eligible Person, (iii) the relevant subsidiary of the Company by which a Selected Participant is employed ceases to be a subsidiary of the Company; 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, the Award shall, unless the Share Award Administration Committee otherwise agrees, automatically lapse forthwith.

In the event that prior to or on the Vesting Date (i) a Selected Participant is found to be an Excluded Participant, or (ii) a Selected Participant fails to return duly executed transfer documents prescribed by the Trustee for the relevant Awarded Shares within the stipulated period, the relevant part of the Award made to such Selected Participant shall, unless the Share Award Administration Committee otherwise agrees, automatically lapse forthwith.

A Selected Participant shall cease to be an Eligible Person under the following circumstances :

- (a) due to end of employment contract or resignation, being terminated or being dismissed by the Company or any subsidiary of the Company;
- (b) such person has committed any act of fraud or dishonesty or serious misconduct;
- (c) such person has breached any term of any contract entered into between such person and the Group;
- (d) such person has been declared or adjudged to be bankrupt by a competent court;
- (e) such person has been convicted of any criminal offence or any offence under the Securities and Futures Ordinance; or
- (f) for any other appropriate reasons.

### **Restrictions**

No Award or any agreement in this respect shall be made by the Share Award Administration Committee and no payment and no instruction shall be delivered or made to the Trustee to purchase and/or subscribe Shares in the following circumstances:

- (i) after an event involving insider information has occurred or has been the subject of a decision until such insider information has been published in accordance with the Securities and Futures Ordinance; or
- (ii) any code or requirements of the Listing Rules forbids the trading by Directors or any circumstances prohibited by the Securities and Futures Ordinance or any other applicable law or regulation, or requisite approval from any relevant regulatory authority has not been granted.

### **Voting rights**

The Trustee shall not exercise the voting rights in respect of any Shares held by it under the Trust Deed.

### **Alteration**

The Board may amend the Scheme Rules in its sole discretion, provided that such amendment shall not affect materially and adversely any subsisting rights of any Selected Participants in respect of any unvested Awards, unless it was approved with consent in writing by a majority of the Selected Participants on the date of such resolution.

### **LISTING RULES IMPLICATIONS**

The Share Award Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme within the meaning of Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. No shareholders' approval is required for the adoption of the Share Award Scheme. Where any grant of the Awarded Shares is proposed to be made to any Eligible Person who is a Connected Person of the Company, the Company shall comply with the relevant provisions of the Listing Rules.

## (2) GRANT OF SHARE AWARDS UNDER THE SHARE AWARD SCHEME

On 18 May 2021, the Board has resolved to grant an aggregate of 9,248,000 Awarded Shares to 24 Selected Participants who are Eligible Persons under the Share Award Scheme, subject to the acceptance of the Selected Participants. The Awarded Shares represent approximately 1.40% of the total number of issued Shares of the Company as at the date of this announcement (being 660,000,000 Shares). All the Awarded Shares shall be awarded by way of purchase of existing Shares on the open market of the Stock Exchange. Details of the grant of the Awarded Shares are set out as follows:

Date of Grant	: 18 May 2021
Amount of contribution by Selected Participants	: HK\$0.20 per Awarded Share, being approximately 50% of the average closing price of HK\$0.394 per Share quoted on the Stock Exchange for the five consecutive trading days immediately preceding the Date of Grant.
Number of Awarded Shares granted	: 9,248,000 Awarded Shares
Vesting Date	: Subject to the satisfaction of the vesting criteria and conditions, the Awarded Shares shall be vested to the Selected Participants as follows: (i) the first 30% of the Awarded Shares to be vested on 18 November 2021; (ii) the second 30% of the Awarded Shares to be vested on 18 November 2022; and (iii) the remaining 40% of the Awarded Shares to be vested on 18 November 2023.

Further details of the Selected Participants are set out below:

Name	Position(s) held/relationship with the Group	Number of Awarded Shares granted
Mr. Lin Wan-Yi	Executive Director, Chairman, Chief Executive Officer and a substantial shareholder of the Company	832,000
Mr. Cheng Ching-Long	Executive Director and Vice President of Operation	704,000
Mr. Lu Jen-Chieh	Executive Director	344,000
Mr. Chen Ming-Chih	Chief technology officer of the Company and a director of a subsidiary of the Company	492,000
<b>Sub-total of Awarded Shares to Connected Persons of the Company:</b>		<b>2,372,000</b>
20 Selected Participants	Other employees of the Group	6,876,000
<b>Total</b>		<b><u>9,248,000</u></b>

Each of Mr. Lin Wan-Yi, Mr. Cheng Ching-Long and Mr. Lu Jen-Chieh, being a Director of the Company, is a Connected Person of the Company. Thus, the grant of the Awarded Shares to each of the above Directors of the Company constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. However, since such grant of Awarded Shares to the above Directors of the Company will form part of their remuneration under their service contracts, respectively, and is therefore fully exempt from the reporting, announcement and independent shareholders' approval requirements under Rules 14A.73(6) and 14A.95 of the Listing Rules. Furthermore, Mr. Chen Ming-Chih, being a director of a subsidiary of the Company, is also a Connected Person of the Company. The grant of Awarded Shares to the director of the subsidiary of the Company is a connected transaction that meets the minimum exemption level and is fully exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules as all applicable percentage ratios (as defined under the Listing Rules) are less than 0.1%.

The above mentioned Directors have abstained from voting on the relevant resolution in the Remuneration Committee and Board meeting to approve the grant of Awarded Shares to themselves.

Save as disclosed above, none of the other Selected Participants is a Director, chief executive or substantial shareholder of the Company or any of its subsidiaries or any of their respective associates (as defined under the Listing Rules).

### (3) GRANT OF SHARE OPTIONS UNDER THE SHARE OPTION SCHEME

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

On 18 May 2021, the Board further resolved to grant 9,248,000 Share Options to 24 Grantees who are Eligible Persons under the Share Option Scheme, subject to the acceptance of the Grantees. The Share Options will entitle the Grantees to subscribe for up to a total of 9,248,000 new Shares, representing approximately 1.40% of the total number of issued Shares of the Company as at the date of this announcement (being 660,000,000 Shares) and approximately 1.38% of the total number of issued Shares of the Company as enlarged by the issue of the new Shares upon the exercise of all the Share Options (being 669,248,000 Shares).

Details of the Share Options are set out as follows:

Date of Grant	:	18 May 2021
Exercise price	:	HK\$0.405 to subscribe for one Share, being not less than the highest of: <ul style="list-style-type: none"><li>(i) the closing price of HK\$0.405 per Share as quoted on the Stock Exchange on the Date of Grant;</li><li>(ii) the average closing price of HK\$0.394 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the Date of Grant; and</li><li>(iii) the nominal value of HK\$0.01 per Share</li></ul>
Number of Share Options granted	:	9,248,000 Share Options (each Share Option shall entitle the Grantee to subscribe for one Share). The number of Share Options granted to each Grantee shall not exceed its limit pursuant to the Share Option Scheme
Validity period of the Share Options	:	the Share Options have a term of 5 years from the Date of Grant
Performance targets	:	the exercise of the Share Options is subject to the overall consolidated financial results of the Group and the Grantees' achievement of their respective performance targets as determined by the Company

Subject to the satisfaction of the vesting criteria and conditions (in particular, the grantee shall have accepted and paid all or part of the granted Award Shares), the Share Options will be vested to the grantees in the following manner:

<b>Vesting Period</b>	<b>% of the Share Options to be vested</b>
Commencing from the first trading day after the 12-month period from the Date of Grant and ending on the last trading date of the 24-month period from the Date of Grant	30%
Commencing from the first trading day after the 24-month period from the Date of Grant and ending on the last trading date of the 36-month period from the Date of Grant	30%
Commencing from the first trading day after the 36-month period from the Date of Grant and ending on the last trading date of the 48-month period from the Date of Grant	40%

Share Options not vested or exercisable as a result of non-fulfillment of the performance-based conditions or not exercised during the relevant exercise periods shall lapse with immediate effect and reclaimed and cancelled by the Company without compensation.

Further details of the Grantees are set out below:

<b>Name</b>	<b>Position(s) held/relationship with the Group</b>	<b>Number of Share Options granted</b>
Mr. Lin Wan-Yi	Executive Director, Chairman, Chief Executive Officer and a substantial shareholder of the Company	832,000
Mr. Cheng Ching-Long	Executive Director and Vice President of Operation	704,000
Mr. Lu Jen-Chieh	Executive Director	344,000
Mr. Chen Ming-Chih	Chief technology officer of the Company and a director of a subsidiary of the Company	492,000
<b>Sub-total of Share Options to Connected Persons of the Company:</b>		<b>2,372,000</b>
20 Grantees	Other employees of the Group	6,876,000
<b>Total</b>		<b><u>9,248,000</u></b>

The grant of the Share Options to the above Directors, chief executive and substantial shareholder of the Company and director of its subsidiary has been approved by the independent non-executive Directors of the Company.

During the 12-month period up to and including the Date of Grant, the grant of Share Options to a substantial shareholder of the company, namely Mr. Lin Wan-Yi, represents over 0.1% of the relevant class of securities in issue, but have a value, based on the closing price of the securities at the Date of Grant, lower than HK\$5 million. Pursuant to Rule 17.04(1) of the Listing Rules, such grant of Share Options is not subject to the approval by shareholders in the general meeting.

Save as disclosed above, none of the other Grantees is a Director, chief executive or substantial shareholder of the Company or any of their respective associates (as defined under the Listing Rules).



## DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meaning:

“Adoption Date”	18 May 2021, being the date on which the Board adopted the Share Award Scheme
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Award(s)”	an award of Shares by the Share Award Administration Committee to a Selected Participant pursuant to the Share Award Scheme
“Awarded Share(s)”	in respect of a Selected Participant, such number of Share(s) determined by the Share Award Administration Committee and granted to such Selected Participant pursuant to the Share Award Scheme
“Board”	the board of Directors
“business day(s)”	day(s) on which the Stock Exchange is open for trading
“Company”	Shinelong Automotive Lightweight Application Limited (勛龍汽車輕量化應用有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Connected Person(s)”	has the meaning ascribed to it in the Listing Rules
“Date of Grant”	18 May 2021, the date of grant of the Awarded Shares and the Share Options
“Director(s)”	the director(s) of the Company
“Eligible Person(s)”	Director(s), senior management and/or employee(s), whether full-time or part-time, of the Group from time to time
“Excluded Participant(s)”	any Director(s), senior management and/or employee(s) of the Group who is resident in a place where the award of the Awarded Shares and/or the vesting and transfer of the Awarded Shares pursuant to the terms of the Share Award Scheme is not permitted under the laws and regulations of such place or where in the view of the Share Award Administration Committee 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 director(s), senior management and/or employee(s)
“Grantees”	the selected grantees of the Share Options under the Share Option Scheme
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Remuneration Committee”	the remuneration committee of the Company established by the Board
“Scheme Rules”	the rules as approved and adopted by the Board on 18 May 2021 for the purpose of establishing the Share Award Scheme

“Selected Participant(s)”	Eligible Person(s) selected to participate in the Share Award Scheme
“Share(s)”	share(s) of HK\$0.01 each in the capital of the Company (or of such other nominal amounts as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)
“Share Award Scheme”	the share award scheme constituted by the Scheme Rules and the Trust Deed whereby awards of Shares may be made to Eligible Person(s) pursuant to the Scheme Rules
“Share Option Scheme”	the Share Option Scheme conditionally approved and adopted by the Company on 6 June 2019
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust”	the trust constituted by the Trust Deed to service the Share Award Scheme
“Trust Deed”	a trust deed dated 18 May 2021 entered into between the Company and the Trustee for the purposes of the Share Award Scheme
“Trust Share(s)”	any Share(s) purchased by the Trustee on the Stock Exchange and/or new Shares subscribed for either under the general mandate on the relevant date of grant or under a specific mandate approved or to be approved by the shareholders of the Company at such subscription price out of cash provided by the Company to the Trustee pursuant to the Share Award Scheme, together with, in each case, any scrip Shares or bonus Shares referable to those Shares, for the purposes of settlement of the Awarded Shares
“Trustee”	the trustee appointed by the Company for the purpose of the Trust, which is independent and not connected with the Company and any of its Connected Persons
“Vesting Date(s)”	the date(s), as determined by the Share Award Administration Committee pursuant to the Share Award Scheme and as set out in the letter of award, on which the Award is to vest in the relevant Selected Participant(s)

By Order of the Board

**Shinelong Automotive Lightweight Application Limited**

**Lin Wan-Yi**

*Chairman and Executive Director*

Hong Kong, 18 May 2021

*As at the date of this announcement, the executive directors of the Company are Mr. Lin Wan-Yi, Mr. Yung Chia-Pu, Mr. Cheng Ching-Long and Mr. Lu Jen-Chieh; the non-executive director of the Company is Ms. Hsieh Pei-Chen; and the independent non-executive directors of the Company are Mr. So George Siu Ming, Mr. Lin Lien-Hsing and Mr. Fan Chi Chiu.*