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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)

DISCLOSEABLE TRANSACTION PURCHASE OF EQUIPMENT

THE PURCHASE

The Board announces that, on 6 May 2022, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Purchase Agreement with the Vendor for the purchase of the Equipment at a Consideration of approximately RMB8.48 million.

LISTING RULES IMPLICATIONS

As at least one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Purchase, when aggregated with the Previous Purchase, is more than 5% and all applicable percentage ratios are less than 25%, the Purchase constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE PURCHASE

The Board announces that, on 6 May 2022, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Purchase Agreement with the Vendor for the purchase of the Equipment at a Consideration of approximately RMB8.48 million. The principal terms of the Purchase Agreement are set out below.

Date	:	6 May 2022
Parties	:	(i) the Purchaser; and (ii) the Vendor.
Equipment to be purchased	:	A set of 1000T hydraulic press used for hot forming, die spotting and testing and a set of heating furnace.

Consideration : Approximately RMB8.48 million (inclusive of value added tax).

The Consideration was arrived at after arm's length negotiations between the parties on normal commercial terms with reference to the current market price of the equipments and machinery of similar functions and capabilities.

Payment terms : Payment of the Consideration will be funded by the net proceeds from the initial public offering of the Shares of the Company on 28 June 2019 and cash generated from the Group's operation, and be made by the Purchaser to the Vendor by cash in the following manner:

(i) settling 30% of the Consideration (equivalent to approximately RMB2.54 million) as a deposit within five business days after signing of the Purchase Agreement;

(ii) settling 50% of the Consideration (equivalent to approximately RMB4.24 million) within five business days after completion of pre-inspection made by the Purchaser;

(iii) settling 10% of the Consideration (equivalent to approximately RMB0.85 million) within five business days after the Equipment is installed, tested, accepted and confirmed in writing by both parties;

(iv) settling the remaining 10% of the Consideration (equivalent to approximately RMB0.85 million) within five business days after the expiration of the warranty period.

Delivery : The Equipment shall be delivered within six months after the Purchase Agreement was signed and within one week after the Vendor having received the second 50% payment. If the Purchaser fails to make payment as agreed due to its own reason, the Vendor will postpone the delivery time accordingly.

Warranty period : The Vendor shall provide a warranty period of one year from the date of signing the acceptance of Equipment.

During the warranty period, if the Equipment fails for more than 5 times every half a year due to its own quality problems, the warranty period shall be extended for half a year, and the warranty period can be extended for a maximum of one year.

Liability for breach : On the premise of no breach of the contract by the Purchaser, if the Vendor fails to perform the delivery obligation, the Purchaser has the right to terminate the Purchase Agreement, and the Vendor shall return the payment and pay the Purchaser liquidated damages of an amount equal to 10% of the Consideration.

If the Equipment delivered by the Vendor fails to pass the Purchaser's acceptance, the Vendor shall repair within 30 days from the date of written notice sent by the Purchaser until the Equipment meets the acceptance standards agreed by both parties. The delay shall be regarded as overdue delivery by the Vendor. If the delay is for more than 60 days, the Purchaser has the right to terminate the Purchase Agreement.

The Vendor guarantees that the rights of the Equipment is flawless, including the rights of ownership and intellectual property rights. If any third party brings a lawsuit, arbitration or objection to the Purchaser due to the Vendor's breach of the guarantee obligations, or the Equipment is confiscated and investigated by the state authorities according to law, the Vendor shall compensate the Purchaser for all losses caused thereby.

If the Vendor fails to perform the warranty obligations in time as agreed, it shall pay the Purchaser liquidated damages of 0.3% of the price of the equipment to be repaired for each day of delay.

If the Vendor fails to perform the delivery within the time specified in the Purchase Agreement due to its own reason, it shall pay liquidated damages to the Purchaser at the rate of 0.3% of the Consideration per day for each overdue day. If it fails to deliver for more than 60 days, the Purchaser has the right to terminate the Purchase Agreement, and the Vendor shall return the payment and pay liquidated damages to the Purchaser at the rate of 10% of the Consideration.

If the Purchaser fails to pay any installment as agreed in the Purchase Agreement, it shall pay liquidated damages to the Vendor at 0.3% of the Consideration per day for each overdue day. If it fails to pay for more than 90 days, the Vendor has the right to terminate the Purchase Agreement, and the Purchaser shall pay liquidated damages to the Vendor at the rate of 10% of the Consideration.

INFORMATION OF THE PARTIES TO THE PURCHASE AGREEMENT

The Company is an investment holding company, the Company's Shares have been listed on the Main Board of the Stock Exchange since 28 June 2019.

The Group is a developer and major supplier of customised moulds in the PRC, with a focus on moulds for the production of automotive parts which cater for the growing trend of automotive lightweight application, as well as electrical appliance parts and other parts.

The Purchaser is a wholly-owned subsidiary of the Company, and is principally engaged in the manufacturing and sales of customised moulds in the PRC.

The Vendor is a limited liability company established in the PRC, which specialize in manufacturing hydraulic machinery. To the best of the Directors' knowledge, information and belief by having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons as at the date of this announcement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PURCHASE AGREEMENT

As the proportion of new energy vehicles in automobile production and sales continues to increase, the hot forming automatic stamping line used for debugging, small batch production and die spotting of automotive hot stamping moulds which the Group owns currently is running at full capacity, and considering the development trends of automotive hot stamping moulds and parts towards larger size, the Directors believe that the purchase of the Equipment is in the interests of the business development of the Group.

The Purchaser has taken into account the market reputation, the expertise and product quality of the Vendor and compared the market price of equipment of functions and performance similar to those of the Equipment before entering into the Purchase Agreement and the terms of the Purchase Agreement are arrived at after arm's length negotiation between the two parties. The Directors consider that the terms of the Purchase Agreement are on normal commercial terms, fair and reasonable, and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As at least one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Purchase, when aggregated with the Previous Purchase, is more than 5% and all applicable percentage ratios are less than 25%, the Purchase constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the meaning set out below unless the context require otherwise:

“Board”	the board of Directors;
“Company”	Shinelong Automotive Lightweight Application Limited (勳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;
“Consideration”	the consideration of approximately RMB8.48 million payable by the Purchaser to the Vendor in respect of the Purchase pursuant to the Purchase Agreement;
“Connected person(s) ”	has the meaning ascribed to it in the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Equipment”	a set of 1000T hydraulic press used for hot forming, die spotting and testing and a set of heating furnace;
“Group”	the Company and its subsidiaries;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Previous Purchase”	the purchase of hydraulic unit from the Vendor by the Purchaser at a consideration of RMB182,000 pursuant to a purchase contract dated 31 August 2021, which alone did not constitute a notifiable transaction under the Listing Rules;
“Purchase”	the purchase of the Equipment by the Purchaser from the Vendor pursuant to the Purchase Agreement;
“Purchaser”	Shinelong Intellectual Manufacture Precision Applied Materials (Suzhou) Company Limited *(勳龍智造精密應用材料(蘇州)股份有限公司), a wholly-owned subsidiary of the Company;
“Purchase Agreement”	the purchase agreement dated 6 May 2022 entered into between the Purchaser and the Vendor in relation to the Purchase;

“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Shares”	share(s) of HK\$0.01 each in the capital of the Company;
“Vendor”	Dees Hydraulic Industrial (Kunshan) Co., Ltd.*(迪斯油壓工業(昆山)有限公司), a limited liability company established in the PRC, which specializes in manufacturing hydraulic machinery.

By order of the Board
Shinelong Automotive Lightweight Application Limited
Lin Wan-Yi
Chairman and Executive Director

Hong Kong, 6 May 2022

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.

**For identification purpose only*