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Shinelong Automotive Lightweight Application Limited

助龍汽車輕量化應用有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1930)

VOLUNTARY ANNOUNCEMENT INVESTMENT FRAMEWORK AGREEMENT AND ASSET TRANSFER FRAMEWORK AGREEMENT

This announcement is made by Shinelong Automotive Lightweight Application Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) on a voluntary basis.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company announces that, on 18 August 2021, Shinelong Intellectual Manufacture Precision Applied Materials (Suzhou) Company Limited (“**Shinelong (Suzhou)**”), a wholly owned subsidiary of the Company, (i) entered into an investment framework agreement (the “**Investment Framework Agreement**”) with Zhangpu Town People’s Government of Kunshan Municipality* (昆山市張浦鎮人民政府) (the “**Zhangpu Government**”) and (ii) entered into an asset transfer framework agreement (the “**Asset Transfer Framework Agreement**”) with the Zhangpu Government and Kunshan Zhangpu Asset Management Co., Ltd* (昆山市張浦資產經營有限責任公司) (the “**Asset Management Company**”).

MAJOR TERMS OF THE INVESTMENT FRAMEWORK AGREEMENT AND THE ASSET TRANSFER FRAMEWORK AGREEMENT

Pursuant to the Investment Framework Agreement, (i) Shinelong (Suzhou) agreed to (a) increase its registered capital by US\$20.0 million for the procurement of land, construction of production factory and acquisition of equipment, and (b) cooperate with the Zhangpu Government in the evaluation, transfer, registration or filing of the change in property right of its plant (the “**Plant**”) located at 2 Middle Yangguang Road, Zhangpu Town, Kunshan City, Jiangsu province, the People’s Republic of China (“**PRC**”) having a site area of approximately 7,873 square meters (the “**Disposal**”); and (ii) the Zhangpu Government agreed to (a) procure the listing and transfer process of a piece of state-owned industrial construction land with an area of approximately 27,519 square meters (the “**New Land**”) to Shinelong (Suzhou), and (b) if the Zhangpu Government fails to complete the listing and transfer process of the New Land to Shinelong (Suzhou) or Shinelong (Suzhou) fails to bid the New Land, the Zhangpu Government will

procure the Asset Management Company, the owner of the Guaranteed Land (as defined below), the transfer of another piece of land of approximately 34,844 square meters (the “**Guaranteed Land**”) and the buildings thereon (the “**Guaranteed Land & Buildings**”) to Shinelong (Suzhou). It is also agreed that Shinelong (Suzhou) can continue to use the Plant free of charge, after completing registration or filing of the change in property right of the Plant, until Shinelong (Suzhou) has relocated its plant and assets to the New Land or the Guaranteed Land & Buildings.

Pursuant to the Asset Transfer Framework Agreement, if Shinelong (Suzhou) fails to acquire the New Land, the Zhangpu Government and the Asset Management Company agreed to transfer the Guaranteed Land & Buildings to Shinglong (Suzhou).

The terms and consideration of the acquisition of the New Land shall be determined in accordance with relevant rules and policies of the Kunshan Natural Resources and Planning Bureau* (昆山市自然資源和規劃局). The terms and consideration of the Disposal and the acquisition of the Guaranteed Land & Buildings shall be determined with reference to the evaluation price and subject to negotiations between the parties. Further formal and definitive agreements may be entered in relation to the Disposal and the acquisition of the New Land or the Guaranteed Land & Buildings. Further announcement(s) in relation to the matters referred to above will be made by the Company as and when required in compliance with the requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

REASONS FOR AND BENEFITS OF ENTERING INTO THE INVESEMENT FRAMEWORK AGREEMENT AND THE ASSET TRANSFER FRAMEWORK AGREEMENT

It has been the Group’s intention to expand, centralise and consolidate the Group’s operation. As the area of each of the New Land and the Guaranteed Land is much larger than that where the Plant is located, the Group can better realise its expansion plan and centralise its operation management. The Directors are of the view that the signing of the Investment Framework Agreement and the Asset Transfer Framework Agreement provides an opportunity for the Group to realise such plan and is beneficial to the long-term development of the Group.

INFORMATION OF THE GROUP, THE ZHANGPU GOVERNMENT AND THE ASSET MANAGEMENT COMPANY

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 Zhangpu Government is a local governmental body of the PRC.

The Asset Management Company is a limited company incorporated in the PRC, and is responsible for the operation and management of collective assets in Zhangpu town.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Zhangpu Government and the Asset Management Company and their respective associates are third parties independent of the Company and its connected persons (as defined in the relevant Listing Rules) as at the date of this announcement.

The Board wishes to emphasise that definitive agreement(s) may or may not be entered into by the parties and as such the Disposal and the acquisition of the New Land or the Guaranteed Land & Buildings may or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 18 August 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.

**For identification purpose only*