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力世紀有限公司
WE SOLUTIONS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 860)

**MAJOR TRANSACTION
PROPOSED ACQUISITION OF
THE ENTIRE ISSUED SHARE CAPITAL OF IDEENION
INVOLVING ISSUE OF CONSIDERATION SHARES UNDER
SPECIFIC MANDATE**

The Board is pleased to announce that on 31 October 2019 (after trading hours), the Company entered into the Agreement with the Vendors in respect of the Acquisition.

THE ACQUISITION

Pursuant to the Agreement, the Company has conditionally agreed to purchase, and the Vendors have conditionally agreed to sell, the Sale Shares representing the entire issued share capital of the Target Company.

The Target Company is principally engaged in the design, development and prototyping of vehicle components and accessories for vehicles.

The aggregate consideration for the Acquisition of up to approximately EUR36,000,000 comprises (a) the Initial Consideration Price in the amount of EUR15,000,000; and (b) to the extent certain profit targets are met, the Further Consideration Price in the amount of up to EUR4,200,000 and the Consideration Shares of an aggregate value of up to approximately EUR16,800,000.

LISTING RULES IMPLICATIONS

The Acquisition

As one or more of the applicable ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

EGM

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve (among other things) the Acquisition and the Specific Mandate for the issue of the Consideration Shares.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition and the issue of the Consideration Shares under the Specific Mandate and no Shareholder is required to abstain from voting on the resolutions to approve the Acquisition and the Specific Mandate for the issue of the Consideration Shares at the EGM.

The Circular containing, among other things, (i) details of the Agreement (including the Acquisition and the issue of the Consideration Shares under the Specific Mandate), (ii) details of the Specific Mandate, (iii) a valuation report on the issued share capital of the Target Company, (iv) other information as required under the Listing Rules and (v) a notice of the EGM, is expected to be despatched to the Shareholders on or before 12 December 2019 as additional time will be required to prepare the above information to be included in the Circular.

The completion of the Acquisition is conditional upon fulfillment of the Acquisition Conditions. The issue of the Consideration Shares is subject to fulfilling certain profit targets under the Agreement. Accordingly, the Acquisition and the issue of the Consideration Shares may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

The Board is pleased to announce that on 31 October 2019 (after trading hours), the Company entered into the Agreement with the Vendors in respect of the Acquisition.

Set out below is a summary of the material terms of the Agreement.

THE AGREEMENT

Date

31 October 2019 (after trading hours)

Parties

Purchaser: The Company

Vendors: Vendor A

Vendor B

Vendor C

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Vendor A, Vendor B and Vendor C are third parties independent of the Company and its connected persons.

The Acquisition

Assets to be acquired

Pursuant to the Agreement, the Company has conditionally agreed to purchase, and the Vendors have conditionally agreed to sell, the Sale Shares representing the entire issued share capital of the Target Company. Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company.

Consideration

The aggregate consideration for the Acquisition of up to approximately EUR36,000,000 comprises:

- (1) the Initial Consideration Price in the amount of EUR15,000,000 to be paid upon completion of the Acquisition in cash by the Company to the Vendors in proportion to their shareholding in the Target Company (to be funded by the Group's internal resources); and

- (2) payment of the Further Consideration Price in the amount of up to EUR4,200,000 (to be funded by the Group's internal resources) and allotment and issuance of the Consideration Shares of an aggregate value of up to approximately EUR16,800,000 by the Company to the Vendors subject to the mechanism below:
- (a) Further Consideration Price 2020 will be paid in cash and Consideration Shares 2020 will be allotted and issued to the Vendors in proportion to their shareholding in the Target Company if the consolidated net profit after tax as shown in the audited consolidated financial statements of the Target Group for the financial year ending 30 June 2020 is more than or equal to EUR4,600,000;
 - (b) Further Consideration Price 2021 will be paid in cash and Consideration Shares 2021 will be allotted and issued to the Vendors in proportion to their shareholding in the Target Company if the consolidated net profit after tax as shown in the audited consolidated financial statements of the Target Group for the financial year ending 30 June 2021 is more than or equal to EUR4,600,000; and
 - (c) Further Consideration Price 2022 will be paid in cash and Consideration Shares 2022 will be allotted and issued to the Vendors in proportion to their shareholding in the Target Company if the consolidated net profit after tax as shown in the audited consolidated financial statements of the Target Group for the financial year ending 30 June 2022 is more than or equal to EUR4,600,000.

The issue price per share of the Consideration Shares will be (a) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for all the Business Days in the three calendar months immediately preceding the date of allotment and issuance of the respective Consideration Shares, or (b) HK\$0.52, whichever is higher. In any event, the maximum aggregate number of Consideration Shares to be allotted and issued to the Vendors shall not exceed 281,080,000 Shares.

The number of the Consideration Shares to be allotted and issued shall be determined by dividing the respective aggregate values of the Consideration Shares in Hong Kong dollar by the issue price per Share of the Consideration Shares, rounded up to the nearest multiple of 4,000 Shares (being the board lot size of the Shares for trading on the Stock Exchange).

Pursuant to the Agreement, the Target Company needs to maintain liquid funds of EUR1,250,000 as liquidity required for its operations and if the liquid funds as at the Completion Date fall short of such required amount, the Initial

Consideration Price shall be reduced in the amount of such shortfall and the payment of the Initial Consideration Price to the Vendors shall be reduced in proportion accordingly. There will be no upward adjustment to the Initial Consideration Price if the liquid funds are in excess of EUR1,250,000 as at the Completion Date.

Each of the Vendors has undertaken to the Company that he will not for two years from the respective dates of allotment and issue of the Consideration Shares (unless with the prior written consent of the Company) dispose of or otherwise deal in any Consideration Shares or any interests therein beneficially owned or held by him.

The Consideration was determined after arm's length negotiation between the Company and the Vendors having taken into account, among other things, (i) the reasons for the Acquisition as disclosed in the section headed "Reasons for and benefits of the Acquisition" below, (ii) the future growth prospects and earnings capability of the Target Group and (iii) the enterprise value of comparable companies.

Acquisition Conditions and Long Stop Date

The completion of the Acquisition is conditional upon the fulfilment (or waiver, if applicable) of all the following conditions by 31 December 2019:

- (1) the Company being satisfied with the results of the due diligence exercise on each member of the Target Group and the Target Company providing to the Company a certified copy of the independent auditor's report and audited consolidated financial statements of the Target Company for the three financial years ended 30 June 2019 prepared in accordance with the International Financial Reporting Standards;
- (2) the Vendors having obtained all necessary authorisations (or waivers) and completed all necessary registrations and filings (if applicable) in relation to the Agreement and the Acquisition;
- (3) there being no breach of any of the representations, warranties and undertakings given, and to be given, by each of the Vendors to the Company;
- (4) there being no breach of any of the representations, warranties and undertakings given, and to be given, by the Company to the Vendors;
- (5) the Shareholders having approved the Agreement and the transactions contemplated thereunder and the Specific Mandate for the issue of the Consideration Shares at the EGM; and

(6) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Consideration Shares (and such listing and permission not subsequently revoked prior to completion of the Acquisition).

Completion of the Acquisition

The completion of the Acquisition shall take place within fifteen (15) days after the fulfilment of all the Acquisition Conditions or such other date as the Company and the Vendors may agree in writing.

Upon completion of the Acquisition, the Company will hold 50,000 Sale Shares, representing the entire issued share capital of the Target Company, and the Target Company will become a wholly-owned subsidiary of the Company.

The Consideration Shares

Assuming that the issue price of the Consideration Shares is HK\$0.52, the number of Consideration Shares, if fully allotted and issued, represents: (a) approximately 3.92% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 3.77% of the enlarged total issued Shares immediately after the issue of the Consideration Shares in full (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the date of issue of the Consideration Shares in full other than the issue of the Consideration Shares by the Company).

The Consideration Shares, credited as fully paid and free from all encumbrances if and when issued, shall rank pari passu in all respects with the other Shares in issue or to be issued by the Company on or prior to the date of allotment of the Consideration Shares.

The Consideration Shares (if any) will be issued and allotted under the Specific Mandate to be sought from the Shareholders at the EGM. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Effect on shareholding structure of the Company

As at the date of this announcement, the total number of issued Shares is 7,170,198,562.

For illustrative purpose only, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the issue of the Consideration Shares in full (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the date of issue of the Consideration Shares in full other than the issue of the Consideration Shares by the Company and assuming the issue price per share of the Consideration Shares is HK\$0.52):

Shareholders	As at the date of this announcement		Immediately after the issue of the Consideration Shares in full	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Mr. Ho King Man, Justin (<i>Note 1</i>)	1,699,220,474	23.70	1,699,220,474	22.80
Mr. Ho King Fung, Eric (<i>Note 2</i>)	6,000,000	0.08	6,000,000	0.08
Mr. Zhang Jinbing (<i>Note 2</i>)	3,960,000	0.06	3,960,000	0.05
Mr. Tam Ping Kuen, Daniel (<i>Note 2</i>)	960,000	0.01	960,000	0.01
Vendor A	Nil	Nil	115,244,000	1.55
Vendor B	Nil	Nil	109,620,000	1.47
Vendor C	Nil	Nil	56,216,000	0.75
Other public Shareholders	<u>5,460,058,088</u>	<u>76.15</u>	<u>5,460,058,088</u>	<u>73.29</u>
Total number of issued Shares	<u><u>7,170,198,562</u></u>	<u><u>100.00</u></u>	<u><u>7,451,278,562</u></u>	<u><u>100.00</u></u>

Notes:

- (1) Mr. Ho King Man, Justin beneficially owned 1,699,220,474 Shares through Ruby Charm Investment Limited, a company directly wholly-owned by him.
- (2) Being Directors.
- (3) The numbers in the above table have been subject to rounding adjustments.

Fund raising activities during the past 12 months

The Company has conducted the following fund raising activities in the 12 months immediately preceding the date of this announcement:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
7 December 2018	Issue of 332,601,176 Shares under the 2018 General Mandate	Approximately HK\$169 million	The Company intended to use the net proceeds for the following purposes: (1) approximately 90%, representing approximately HK\$152 million, would be used for future potential acquisition or investment in EV-related businesses or technologies; and (2) approximately 10%, representing approximately HK\$17 million, would be used for general working capital	Fully utilized as intended
8 May 2019	Issue of 400,000,000 Shares under the 2019 General Mandate	Approximately HK\$203 million	The Company intended to use the net proceeds for the following purposes: (1) approximately 90%, representing approximately HK\$183 million, would be used for the proposed cooperation between the Company and Agile Property Land Co., Ltd. for the production, research and development of NEV-related technology and products in the PRC; and (2) approximately 10%, representing approximately HK\$20 million, would be used for general working capital	(1) Use for the proposed cooperation between the Company and Agile Property Land Co., Ltd. for the production, research and development of NEV-related technology and products in the PRC has yet to commence; and (2) approximately 10% had been utilized for general working capital

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
8 July 2019	Issue of 382,352,000 Shares under the 2019 General Mandate	Approximately HK\$194 million	The Company intended to use the net proceeds for the following purposes: (1) approximately 90%, representing approximately HK\$175 million, would be used for future potential acquisition or investment in NEV-related businesses or technologies; and (2) approximately 10%, representing approximately HK\$19 million, would be used for general working capital	(1) Approximately 58% had been utilized for investment in NEV-related businesses or technologies; and (2) approximately 10% had been utilized for general working capital

INFORMATION ON THE COMPANY

The Company is principally engaged in investment holding and the principal activities of its subsidiaries are manufacturing and sales of NEVs and related components and provision of engineering services, trading, retailing and wholesale of jewellery products and watches, money lending, securities investments, property investment and mining.

INFORMATION ON THE VENDORS

Vendor A is an individual who owns 41% of the total issued share capital of the Target Company as at the date of this announcement.

Vendor B is an individual who owns 39% of the total issued share capital of the Target Company as at the date of this announcement.

Vendor C is an individual who owns 20% of the total issued share capital of the Target Company as at the date of this announcement.

INFORMATION ON THE TARGET GROUP

The Target Company is principally engaged in the design, development and prototyping of vehicle components and accessories for vehicles.

Ideenion Design is principally engaged in the styling and design of vehicles and the development of software for vehicles. As at the date of this announcement, 75% of the total issued share capital of Ideenion Design is directly owned by the Target Company.

Ideenion Electronic is principally engaged in the research and development of electronics and software for vehicles and the design, development and manufacturing of prototype electronic systems and components for vehicles. As at the date of this announcement, the entire issued share capital of Ideenion Electronic is directly owned by the Target Company.

Financial information of the Target Group

Based on the unaudited consolidated financial statements of the Target Group prepared in accordance with the German Financial Reporting Standards, the financial information of the Target Group for the financial years ended 30 June 2017, 30 June 2018 and 30 June 2019 are set out as follows:

	For the financial year ended		
	30 June		
	2017	2018	2019
	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>
Net profit before taxation	3,462	6,143	2,696
Net profit after taxation	2,423	4,402	1,915

Based on the unaudited consolidated financial statements of the Target Group prepared in accordance with the German Financial Reporting Standards, the net asset value of the Target Group as at 30 June 2019 was approximately EUR15,664,000 (equivalent to approximately HK\$136,277,000).

REASONS FOR AND BENEFITS OF THE ACQUISITION

Since 2007, the Target Group has been involved in the design, development and manufacturing of prototype vehicle components and electronic systems for international automobile brands. With such advanced design and engineering expertise and long-term experience in the automotive industry, the Directors believe that the Acquisition will create substantial synergies with the Group's other investments in the automobile business. The Directors also believe that the Acquisition is in line with the Group's business strategy of expanding its NEV solutions and services and becoming a world leading full solutions provider. Further, the Directors believe that the issue of the Consideration Shares to the Vendors would incentivise the Vendors in procuring enhancement to the financial performance of the Target Group.

The Directors are of the view that the terms of the Agreement are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Acquisition

As one or more of the applicable ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

EGM

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve (among other things) the Acquisition and the Specific Mandate for the issue of the Consideration Shares.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition and the issue of the Consideration Shares under the Specific Mandate and no Shareholder is required to abstain from voting on the resolutions to approve the Acquisition and the Specific Mandate for the issue of the Consideration Shares at the EGM.

The Circular containing, among other things, (i) details of the Agreement (including the Acquisition and the issue of the Consideration Shares under the Specific Mandate), (ii) details of the Specific Mandate, (iii) a valuation report on the issued share capital of the Target Company, (iv) other information as required under the Listing Rules and (v) a notice of the EGM, is expected to be despatched to the Shareholders on or before 12 December 2019 as additional time will be required to prepare the above information to be included in the Circular.

The completion of the Acquisition is conditional upon fulfillment of the Acquisition Conditions. The issue of the Consideration Shares is subject to fulfilling certain profit targets under the Agreement. Accordingly, the Acquisition and the issue of the Consideration Shares may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

- “2018 General Mandate” the general mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 28 February 2018 to allot, issue and otherwise deal with securities of the Company not exceeding 20% of the issued share capital of the Company as at 28 February 2018
- “2019 General Mandate” the general mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the company held on 21 March 2019 to allot, issue and otherwise deal with securities of the Company not exceeding 20% of the issued share capital of the Company as at 21 March 2019
- “Acquisition” the proposed acquisition of the Sale Shares by the Company from the Vendors pursuant to the terms of the Agreement
- “Acquisition Conditions” the conditions precedent to the completion of the Acquisition
- “Agreement” the sale and purchase agreement dated 31 October 2019 and entered into among the Company and the Vendors in relation to the proposed Acquisition
- “Board” the board of Directors
- “Business Days” a day (not being a Saturday, a Sunday and a public holiday) on which banks are open for normal banking business in Hong Kong and Frankfurt

“Circular”	the circular to be despatched to the Shareholders containing, among other things, (i) details of the Agreement (including the Acquisition and the issue of the Consideration Shares under the Specific Mandate), (ii) details of the Specific Mandate, (iii) a valuation report on the issued share capital of the Target Company, (iv) other information as required under the Listing Rules and (v) a notice of the EGM
“Company”	WE Solutions Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 860)
“Completion Date”	the date of completion of the Acquisition
“connected persons”	has the meaning ascribed to this term under Chapter 14A of the Listing Rules
“Consideration”	the total consideration for the Acquisition, being the aggregate of Initial Consideration Price, Further Consideration Price and Consideration Shares
“Consideration Shares”	the aggregate of Consideration Shares 2020, Consideration Shares 2021 and Consideration Shares 2022
“Consideration Shares 2020”	new Shares of an aggregate value of up to approximately EUR5,600,000 to be allotted and issued by the Company to the Vendors on the first anniversary of the Completion Date as part of the Consideration
“Consideration Shares 2021”	new Shares of an aggregate value of up to approximately EUR5,600,000 to be allotted and issued by the Company to the Vendors on the second anniversary of the Completion Date as part of the Consideration

“Consideration Shares 2022”	new Shares of an aggregate value of up to approximately EUR5,600,000 to be allotted and issued by the Company to the Vendors on the third anniversary of the Completion Date as part of the Consideration
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the Acquisition and the Specific Mandate for the issue of the Consideration Shares
“EUR”	Euro, the lawful currency of the European Union
“EV(s)”	electric vehicle(s)
“Further Consideration Price”	the aggregate of Further Consideration Price 2020, Further Consideration Price 2021 and Further Consideration Price 2022
“Further Consideration Price 2020”	EUR1,400,000 in aggregate to be paid in cash by the Company to the Vendors on the first anniversary of the Completion Date as part of the Consideration
“Further Consideration Price 2021”	EUR1,400,000 in aggregate to be paid in cash by the Company to the Vendors on the second anniversary of the Completion Date as part of the Consideration
“Further Consideration Price 2022”	EUR1,400,000 in aggregate to be paid in cash by the Company to the Vendors on the third anniversary of the Completion Date as part of the Consideration
“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 PRC

“Ideenion Design”	Ideenion Design AG, a German stock corporation
“Ideenion Electronic”	Ideenion Electronic AG, a German stock corporation
“Initial Consideration Price”	EUR15,000,000 to be paid in cash by the Company to the Vendors upon completion of the Acquisition as part of the Consideration
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date by which all the Acquisition Conditions must be fulfilled (or waived, if applicable), which is 31 December 2019 (or such other date as may be agreed in writing between the Vendors and the Company)
“NEV(s)”	new energy vehicle(s)
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Sale Shares”	an aggregate of 50,000 issued ordinary shares of EUR1 each in the share capital of the Target Company, representing the entire issued share capital of the Target Company as at the date of the Agreement
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Specific Mandate”	a specific mandate to allot and issue the Consideration Shares to be sought from the Shareholders at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Ideenion Automobil AG, a German stock corporation
“Target Group”	the Target Company and its subsidiaries, namely Ideenion Design and Ideenion Electronic
“Vendor A”	Mr. Mirko Konta, the legal and beneficial owner of 41% of the total issued share capital of the Target Company as at the date of this announcement
“Vendor B”	Mr. Werner Händl, the legal and beneficial owner of 39% of the total issued share capital of the Target Company as at the date of this announcement
“Vendor C”	Mr. Nigel Westwood, the legal and beneficial owner of 20% of the total issued share capital of the Target Company as at the date of this announcement
“Vendors”	Vendor A, Vendor B and Vendor C
“%”	per cent

By order of the Board
WE Solutions Limited
Ho King Fung, Eric
Chairman

Hong Kong, 31 October 2019

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Ho King Fung, Eric (Chairman) and Mr. Sung Kin Man; one non-executive Director, namely Mr. Zhang Jinbing (Co-Chairman); and four independent non-executive Directors, namely Mr. Tam Ping Kuen, Daniel, Mr. Teoh Chun Ming, Mr. Peter Edward Jackson and Mr. Charles Matthew Pecot III.

For the purpose of this announcement, the exchange rate of EUR 1.00 = HK\$8.70 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such a rate or at any other rates.