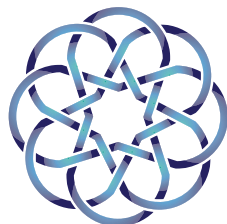


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力世紀有限公司
WE SOLUTIONS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 860)

DISCLOSEABLE TRANSACTION FORMATION OF A JOINT VENTURE COMPANY

THE JOINT VENTURE AGREEMENT

The Board is pleased to announce that on 12 November 2019 (after trading hours), Jemmell, GLM and the Company entered into the Joint Venture Agreement pursuant to which the JV Parties agreed to form the JV Company in the PRC to engage primarily in the design, research and development, and production of NEVs and related automobile parts, and will also provide related technical support and after-sales services. The JV Company will be owned as to approximately 57%, approximately 29% and approximately 14% by Jemmell, GLM and the Company, respectively.

Under the Joint Venture Agreement, each of Jemmell, GLM and the Company will contribute (in cash or in kind) RMB400,000,000 (equivalent to approximately HK\$444,000,000), RMB200,000,000 (equivalent to approximately HK\$222,000,000) and RMB100,000,000 (equivalent to approximately HK\$111,000,000) respectively.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the total commitment of the Group to the JV Company pursuant to the Joint Venture Agreement are more than 5% but less than 25%, the entering into the Joint Venture Agreement constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 12 November 2019 (after trading hours), Jemmell, GLM (a subsidiary of the Company) and the Company entered into the Joint Venture Agreement in connection with the establishment of the JV Company. Set out below is a summary of the principal terms of the Joint Venture Agreement.

THE JOINT VENTURE AGREEMENT

Date

12 November 2019

Parties and shareholding ratio

- (a) Jemmell (approximately 57%);
- (b) GLM (approximately 29%); and
- (c) The Company (approximately 14%)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Jemmell and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Capital Contribution

The registered capital of the JV Company will be RMB700,000,000 (equivalent to approximately HK\$777,000,000). Capital contribution will be made by the JV Parties as follows:

- (1) approximately 57% by Jemmell, amounting to a total of RMB400,000,000 (equivalent to approximately HK\$444,000,000), of which (i) RMB100,000,000 (equivalent to approximately HK\$111,000,000) will be in the form of cash; and (ii) RMB300,000,000 (equivalent to approximately HK\$333,000,000) will be in the form of assets including but not limited to

the right to use the automobile production facilities and resources of Jemmell and the right to use Jinpeng's supply chain and distribution channels;

- (2) approximately 29% by GLM, amounting to a total of RMB200,000,000 (equivalent to approximately HK\$222,000,000), in the form of assets including but not limited to the right to use the technology, development resources and brand resources of GLM; and
- (3) approximately 14% by the Company, amounting to a total of RMB100,000,000 (equivalent to approximately HK\$111,000,000), of which (i) RMB65,000,000 (equivalent to approximately HK\$72,150,000) will be in the form of cash; and (ii) the remaining balance of RMB35,000,000 (equivalent to approximately HK\$38,850,000) will be in the form of assets including but not limited to the right to use the international and domestic resources of the Company.

The JV Parties shall contribute their respective capital contribution according to the following schedule:

- (i) within three months from the date of the receipt of the PRC business license of the JV Company, Jemmell and the Company shall pay 20% of their respective cash contribution;
- (ii) within six months from the date of the receipt of the PRC business license of the JV Company, the JV Parties shall contribute their respective in-kind contribution; and
- (iii) within twelve months from the date of the receipt of the PRC business license of the JV Company, Jemmell and the Company shall pay the remaining balance of their respective cash contribution.

The amount of capital contribution (including both in cash and in-kind) was determined after arm's length negotiation between the JV Parties with reference to the preliminary business plan, estimated initial capital and cash requirements of the JV Company, and past experiences of the JV Parties, taking into account the currently expected production capacities of the production facilities of the JV Company, subject to valuation of the in-kind capital contribution acceptable to local regulatory authorities.

Ownership Structure

The JV Company will be owned by Jemmell, GLM and the Company as to approximately 57%, approximately 29% and approximately 14%, respectively. Since the Group does not have control over the JV Company, the JV Company

will not become a subsidiary of the Company and the revenue, assets and liabilities of the JV Company will not be consolidated into the financial statements of the Group.

In the event that one of the JV Parties proposes to sell any or all of its equity interests in the JV Company to a third party, the JV Party shall first provide written notice (the “Transfer Notice”) to the other JV Parties of its intention to sell its equity interests, including but not limited to the information such as the terms and conditions of the proposed transfer to the third party transferee. The other JV Parties shall have the right of first refusal to these equity interests and such right shall be exercisable within 30 days of receipt of the Transfer Notice.

Each JV Party shall not transfer any of its equity interests or withdraw its initial capital contribution unless and until the automobile production facility of the JV Company is ready to operate.

Business scope of the JV Company

The JV Company will primarily engage in the design, research and development, and production of NEVs which targets a younger customer base to meet market demands in the PRC, Japan and South East Asian countries. It also provides sales and after-sales services, technical support for NEVs and related automobile parts, and will engage in the import and export of such products. The JV Company aims to improve its products in terms of technology and functionality, and expects to provide the market with NEVs within the price range of RMB50,000 (equivalent to approximately HK\$55,500) to RMB100,000 (equivalent to approximately HK\$111,000) (or its equivalent).

Each JV Party will provide certain assets and resources to the JV Company. Jemmell will provide production resources, distribution channels and supply of talents and will facilitate supply chain integration and cost optimization of the JV Company; GLM will provide technical support for the JV Company in terms of technology research and development, quality control, sales and branding; and the Company will assist the JV Company in the formulation of development strategies, including but not limited to strategies which aims at exploring international markets, developing new technologies, recruiting talents, and when necessary, on capital introduction and overseas listing.

Pursuant to the Joint Venture Agreement, each JV Party undertakes that during the term of the joint venture, each JV Party and any of its associated parties shall not participate or carry out businesses related to the production and/or sale of any products which will constitute competition with the products of the JV Company in the PRC. The JV Company shall have the exclusive right to use GLM’s brand in the PRC.

The term of the JV Company shall be 20 years from the date of the issuance of its PRC business license. Prior to the expiry of the initial term, the shareholders may unanimously approve further extension of such term.

The Joint Venture Agreement may be terminated by any JV Party if:

- (a) any of the JV Parties is in breach of the Joint Venture Agreement causing adverse effect on the JV Company and/or any of the other JV Parties and such breach was not remedied within 30 days from the date of the receipt of written notice of such breach from the non-breaching party;
- (b) any of the JV Parties is in liquidation, receivership or being wound-up;
- (c) the audited financial statements of the JV Company records a loss which amounts to or is more than half of the registered capital of the JV Company; or
- (d) part or all of the assets or financials of the JV Company are confiscated or requisitioned which causes an adverse effect on the JV Company.

Composition of the Board

The board of the JV Company shall consist of five directors. Jemmell is entitled to appoint three directors, each of GLM and the Company is entitled to appoint one director. The quorum of the board meeting of the JV Company shall be four.

REASONS FOR AND BENEFITS OF ENTERING INTO THE JOINT VENTURE AGREEMENT

Recognizing the huge opportunities in the future mobility, the Group strives to create a one-stop technology solution platform for the automotive industry. The formation of the JV Company allows the Group to utilize its extensive automotive resources to tap into the huge NEV market in the PRC.

The Group will contribute, among others, its valuable brand and advanced technology in NEV while Jemmell and Jinpeng will contribute their mass production capabilities and sales and distribution network in the PRC. The Joint Venture Agreement is expected to create substantial synergy as the parties will be able to share their unique resources and to complement each other.

In view of the above, the Directors are of the view that the terms of the Joint Venture Agreement are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the shareholders of the Company as a whole.

INFORMATION OF THE GROUP AND THE PARTIES TO THE JOINT VENTURE AGREEMENT

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.

GLM is a joint-stock company in Japan and is principally engaged in the development, manufacturing and sale of electric vehicles, and the provision of engineering solution for electric vehicles. The Company holds as to 88.6% of the issued share capital of GLM.

Jemmell is principally engaged in the development, manufacturing and sale of NEVs.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the total commitment of the Group to the JV Company pursuant to the Joint Venture Agreement are more than 5% but less than 25%, the entering into the Joint Venture Agreement constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Company”	WE Solutions Limited, a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 860)

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“GLM”	GLM Company Limited (GLM株式会社), a joint-stock company incorporated in Japan and is a subsidiary of the Company to which the Company holds 88.6% of its issued share capital
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jemmell”	Jiangsu Jemmell New Energy Automobile Company Limited* (江蘇吉麥新能源車業有限公司), a limited company incorporated in the PRC, and is a related company of Jinpeng
“Jinpeng”	Jiangsu Jinpeng Group Company Limited* (江蘇金彭集團有限公司), a limited company incorporated in the PRC, and is a related company of Jemmell
“Joint Venture Agreement”	the joint venture agreement dated 12 November 2019 entered into between Jemmell, GLM and the Company in relation to the formation and management of the JV Company
“JV Company”	GLM Automobile Technology Co., Ltd (吉力麥汽車科技有限公司), a company to be established in the PRC under the Joint Venture Agreement and is to be owned as to approximately 57%, approximately 29% and approximately 14% by Jemmell, the GLM and the Company, respectively
“JV Parties”	means Jemmell, GLM and the Company, and each a “JV Party”
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NEV(s)”	new energy vehicle(s)
“PRC”	the People’s Republic of China

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent

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

Hong Kong, 12 November 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.

In this announcement, amounts in RMB are converted into HK\$ on the basis of RMB1 = HK\$1.11. The conversion rate above is for illustration purpose only and should not be taken as a representation that the above currencies could actually be converted at such rate or at all.

** For reference purposes only, the Chinese names of PRC entities and bodies and certain terms in Chinese have been translated into English in this announcement. In the event of any discrepancies between such Chinese names and terms in Chinese and their English translation, the Chinese version shall prevail.*