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**apollo**

**APOLLO FUTURE MOBILITY GROUP LIMITED**

**APOLLO 智慧出行集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 860)**

**ANNOUNCEMENT**

- (1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE**
- (2) REVERSE TAKEOVER INVOLVING A NEW LISTING APPLICATION**
- (3) APPLICATION FOR WHITEWASH WAIVER**
- (4) PLACING OF THE PLACING SHARES UNDER SPECIFIC MANDATE**
- (5) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**
- (6) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

**Financial Adviser to the Company in relation to Very Substantial Acquisition and Reverse Takeover**



**Independent Financial Adviser to the Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders**

**ALTUS CAPITAL LIMITED**

## THE ACQUISITION AGREEMENT

On January 11, 2023, the Purchaser, a wholly-owned subsidiary of the Company and the Vendor entered into the Acquisition Agreement pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Acquisition Shares, representing the entire issued share capital of the Acquisition Target Company. The consideration for the acquisition of the Acquisition Shares is US\$2,023.27 million (equivalent to approximately HK\$15,853.71 million), and will be settled by way of allotment and issue of the Consideration Shares at the Issue Price of HK\$0.55 per Share.

28,824,919,557 Consideration Shares will be allotted and issued by the Company to the Vendor under the Specific Mandate upon the Acquisition Completion. The Consideration Shares represent:

- (i) approximately 299.85% of the entire issued share capital of the Company as of the date of this announcement;
- (ii) approximately 74.99% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares immediately after the Acquisition Completion (assuming that the Share Options have not been exercised and the Existing CBs have not been converted into Shares and there is no other change in the entire issued share capital of the Company from the date of this announcement to the date of Acquisition Completion);
- (iii) approximately 63.27% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Placing Shares (assuming that the Share Options have not been exercised, the Existing CBs have not been converted into Shares and there is no other change in the entire issued share capital of the Company from the date of this announcement to the date of Acquisition Completion); and
- (iv) approximately 62.20% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares, the Placing Shares, the Existing CB Conversion Shares, and the Shares by the full exercise of the Share Options (assuming that there is no other change in the entire issued share capital of the Company from the date of this announcement to the date of Acquisition Completion).

## **PROPOSED PLACING OF THE PLACING SHARES**

The Company proposes to carry out the Placing pursuant to which the Placing Agent (who and whose ultimate beneficial owners will be Independent Third Parties) will place up to 7,123,363,636 Placing Shares at the Placing Price of not less than HK\$0.55 per Placing Share to not less than six independent Placees.

The gross proceeds from the Placing would amount to approximately HK\$3,917.85 million and the net proceeds from the Placing are estimated to be approximately HK\$3,526.06 million. The Company intends to apply the net proceeds after deducting professional fees and all related expenses from the Placing as follows (i) approximately 20% of the net proceeds, or approximately HK\$705.21 million, for repayment of part of the Interim Financing and other then existing borrowings, or, if the Vendor or the Acquisition Target Group decides not to draw down from the Interim Financing and the Committed Standing Facilities, this part of the net proceeds will be deployed in the supply chain of the Enlarged Group for the following purposes: (a) prepayment or deposit for securing production capacity of cell suppliers to ensure sufficient supply of battery cells; (b) building reserve funds in anticipation of price increases of chips and ensure the stability of a supply of high-end chips required for autonomous driving technology; and (c) develop a multi-point procurement suppliers network to lessen reliance on any specific supplier to reduce supply risk; (ii) approximately 70% of the net proceeds, or approximately HK\$2,468.25 million, for further development of its design, development, manufacturing and sales of high performance hypercars and smart EVs, provision of mobility technology solutions businesses; and (iii) approximately 10% of the net proceeds, or approximately HK\$352.61 million, for general working capital purposes of the Enlarged Group.

## **PROPOSED INTERIM FINANCING**

The Vendor and the Acquisition Target Company are proposing to raise the Interim Financing within two to three months from the date of this announcement subject to prevailing market conditions to supplement the cash flow and working capital for the operation of the Acquisition Target Group, as such, in the event that the Interim Financing will only be made available to the Vendor as a borrowing entity, the intention is for such borrowed monies to be on-lent to the Acquisition Target Group in the form of inter-company loans as and when required to satisfy the financial needs of the Acquisition Target Group prior to the Acquisition Completion. As part of the overall agreement between the parties with regard to the Acquisition and the Placing, the Company undertakes to repay part of the Interim Financing from part of the net proceeds from the Placing, subject to the Acquisition Completion and Placing Completion and in accordance with all applicable connected transaction rules. As at the date of this announcement, the Vendor has entered into term sheets for the Interim Financing of approximately RMB720 million: (1) an indicative credit term sheet for a facility in the amount of HK\$250 million with the head office of a major commercial bank in Macau, whose Shanghai branch were also one of the participating banks for the existing syndicated loan facility of the Acquisition Target Group; and (2) a legally binding credit term sheet for a facility in the amount of RMB500 million with Shenzhen Amer Industrial Co., Ltd.\* (深圳正威實業有限公司).

For further details of the principal terms of each facility related to the Interim Financing arrangement, please refer to the paragraph headed “Proposed Interim Financing” in this announcement.

## **COMMITTED STANDING FACILITIES**

On May 19, 2022 the Vendor entered into facility agreements with August State Investments Ltd and Danvin Limited, being the existing shareholders of the Vendor, pursuant to which August State Investments Ltd and Danvin Limited irrevocably agreed to make loans to the Vendor in the amount of HK\$700 million and HK\$800 million, respectively. These facilities are available for drawdown until the end of 2023. Please refer to the shareholding structure chart of the Acquisition Target Group as set out in the paragraph headed “Shareholding Structure of the Acquisition Target Group” of this announcement, pursuant to which, August State Investments Ltd is wholly-owned by Agile Group Holdings Limited (stock code: 3383), who is the largest shareholder of the Vendor as at the date of this announcement.

Similar to the Amer Loan, the intention of the Vendor is for such borrowed monies to be on-lent to the Acquisition Target Group in the form of inter-company loans as and when required to satisfy the financial needs of the Acquisition Target Group prior to the Acquisition Completion.

For further details of the principal terms of the facility agreements, please refer to the paragraph headed “Committed Standing Facilities” in this announcement.

## **LISTING RULES IMPLICATIONS**

### **For the Acquisition**

The Acquisition constitutes a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules as one or more of the relevant percentage ratios under Rule 14.07 of the Listing Rules are over 100% for the Company in relation to the Acquisition.

The Acquisition also constitutes a reverse takeover for the Company under Rule 14.06B of the Listing Rules on the basis that the Acquisition (i) constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and (ii) involves an acquisition of assets from the Vendor which will result in a change in control (as defined under the Takeovers Code) of the Company immediately after the allotment and issue of the Consideration Shares.

In addition, the Company will be treated as if it were a new listing applicant under Rule 14.54 of the Listing Rules. The Enlarged Group must be able to meet the basic listing eligibility requirements of the Listing Rules. The Company must also comply with the procedures and requirements for new listing applicants as set out in Chapter 9 of the Listing Rules.

Accordingly, the Acquisition is also subject to the approval by the Listing Committee. As at the date of this announcement, the new listing application has not been submitted to the Stock Exchange, and the Company will initiate the new listing application process as soon as practicable. The Listing Committee may or may not grant its approval to the new listing application. If such approval is not granted by the Listing Committee, the Acquisition Agreement will not become unconditional and the Acquisition will not proceed.

As at the date of this announcement, the Vendor beneficially owned 2,275,545,343 Shares, representing approximately 23.67% of the entire issued share capital of the Company, and hence a substantial shareholder of the Company. Mr. Shen, a non-executive Director, directly and indirectly, together with Ms. Wang Lei, his spouse, held 30.82% of the total issued shares of the Vendor and is also a substantial shareholder of the Company. Accordingly, the Vendor is a connected person of the Company through its direct shareholding in the Company and as an associate of Mr. Shen and the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the approval by the Independent Shareholders at the EGM by way of poll.

#### **For the Shareholder's Loan Repayment**

As the Vendor is currently a substantial shareholder of the Company and will, upon the Acquisition Completion become the controlling shareholder of the Company, any repayment made by the Company to the Vendor for the purpose of the repayment of the Shareholder's Loan in full or in part constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the Independent Shareholders' approval at the EGM by way of poll.

#### **For the Proposed Placing**

As the Placing Shares will be allotted and issued under the Specific Mandate to be obtained at the EGM, the Placing is subject to the Independent Shareholders' approval.

## **IMPLICATIONS UNDER THE TAKEOVERS CODE**

### **For the Whitewash Waiver**

As at the date of this announcement, the Vendor is interested in 2,275,545,343 Shares, representing approximately 23.67% of the entire issued share capital of the Company.

Immediately after the allotment and issue of the Consideration Shares and the Placing Shares and assuming that the Share Options have not been exercised, the Existing CBs have not been converted into Shares and there is no other change in the entire issued share capital of the Company from the date of this announcement to the date of Acquisition Completion and Placing Completion, the shareholding of the Vendor and parties acting in concert with it will be increased to 32,006,797,374 Shares, representing approximately 70.25% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Placing Shares.

Under Rule 26.1 of the Takeovers Code, the Vendor would be required to make an unconditional mandatory general offer for all the issued Shares not already owned or agreed to be acquired by it and parties acting in concert with it pursuant to Rule 26 of the Takeovers Code, unless the Whitewash Waiver is granted by the Executive.

An application to the Executive for the Whitewash Waiver will therefore be made by the Vendor pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, (i) respective resolutions relating to the Whitewash Waiver and the Acquisition being approved by at least 75% and more than 50%, respectively, of the votes cast by the Independent Shareholders at the EGM; and (ii) the Vendor and parties acting in concert with it not having made any acquisitions or disposals of voting rights of the Company between the date of this announcement and completion of the issue of the Consideration Shares unless with the prior consent of the Executive.

### **For the Disposal**

As the Disposal is an arrangement between Mr. Shen (who is a substantial shareholder of the Company and a party acting in concert with the Vendor) and the Company, the Disposal constitutes a special deal under Note 4 to Rule 25 of the Takeovers Code, and will be conditional upon obtaining the prior consent of the Executive under Rule 25 of the Takeovers Code.

An application will be made to the Executive for consent under Rule 25 of the Takeovers Code for the Disposal. The Executive will normally consent to a special deal under Note 4 to Rule 25 of the Takeovers Code provided that (i) the Independent Financial Adviser publicly states that in his opinion the terms of the Disposal are fair and reasonable; and (ii) the Disposal is approved by the Independent Shareholders at the EGM by way of poll.

## **EGM**

The Acquisition, the Whitewash Waiver, the Disposal and the transactions contemplated thereunder are subject to the approval of the Independent Shareholders at the EGM. The Vendor, Mr. Shen, Mr. Joseph Lee and their respective associates and parties acting in concert with any of them, any shareholders of the Vendor and their respective associates and parties acting in concert with any of them (including Ruby Charm Investment Limited and Jumbo Eagle Investments Limited, together with their beneficial owner Mr. Ho King Man, Justin), and those who are involved in or interested in the Acquisition Agreement, the Whitewash Waiver, the Disposal and the transactions contemplated thereunder are required to abstain from voting on the relevant resolutions to be proposed at the EGM to approve, among others, the Acquisition Agreement, the Whitewash Waiver, the Disposal and the transactions contemplated thereunder. Ruby Charm Investment Limited, a minority shareholder of the Vendor and wholly owned by Mr. Ho King Man, Justin, is holding 884,220,474 Shares (approximately 9.20% of the entire issued share capital of the Company), so Ruby Charm Investment Limited has a conflict of interest and will, together with Jumbo Eagle Investments Limited (which holds 22,112,000 Shares (approximately 0.23% of the entire issued share capital of the Company) and wholly owned by Mr. Ho King Man, Justin), abstain from voting on the relevant resolutions to be proposed at the EGM to approve, among others, the Acquisition Agreement, the Whitewash Waiver, the Disposal and the transactions contemplated thereunder.

## **ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE, WHITEWASH INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER**

Rule 13.39(6) of the Listing Rules required Independent Board Committee, which shall consist only of independent non-executive Directors, to advise the Acquisition, the Specific Mandate, the Placing, the Shareholder's Loan Repayment and the Disposal.



The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Teoh Chun Ming, Mr. Peter Edward Jackson, Mr. Charles Matthew Pecot III and Ms. Hau Yan Hannah Lee, has been formed to advise the Independent Shareholders in relation to the Acquisition, the Placing, the Specific Mandate, the Shareholder's Loan Repayment and the Disposal and the transactions contemplated thereunder.

Rule 2.8 of the Takeovers Code requires that members of the Whitewash Independent Board Committee should comprise all non-executive Directors who have no direct or indirect interest in the Acquisition and the Whitewash Waiver. Mr. Shen, a non-executive Director, directly and indirectly, together with Ms. Wang Lei, his spouse, held 30.82% of the total issued shares of the Vendor and is also a substantial shareholder of the Company. Accordingly, Mr. Shen has interest in the Acquisition, the Whitewash Waiver and the Disposal and will not join the Whitewash Independent Board Committee.

The Whitewash Independent Board Committee comprising the non-executive Director, namely Mr. Wilfried Porth and all the independent non-executive Directors, namely Mr. Teoh Chun Ming, Mr. Peter Edward Jackson, Mr. Charles Matthew Pecot III and Ms. Hau Yan Hannah Lee, has been formed for the purpose of advising the Independent Shareholders in respect of the Acquisition, the Whitewash Waiver, the Disposal and the transactions contemplated thereunder.

Altus Capital Limited, being a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activity under the SFO, has been appointed as the Independent Financial Adviser to make recommendations to the Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders as to the fairness and reasonableness of the terms of the Acquisition, the Whitewash Waiver, the Placing, the grant of Specific Mandate and the Disposal. The appointment of Altus Capital Limited has been approved by the Independent Board Committee pursuant to Rule 13.39(6) of the Listing Rules and the Whitewash Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code. The letter of advice from the Independent Financial Adviser to the Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders will be included in the Circular.

## **DESPATCH OF CIRCULAR**

The Circular (or separate circular(s)) will contain, among other things, (i) further information on the Acquisition, the Placing, the grant of Specific Mandate, the Disposal, the proposed increase in authorized share capital and other information as required to be disclosed under the Listing Rules and the Takeover Code; (ii) details of the Whitewash Waiver; (iii) the recommendation of the Independent Board Committee and the Whitewash Independent Board Committee to the Independent Shareholders in relation to the Acquisition, the grant of Specific Mandate, the Whitewash Waiver, the Placing and the Disposal; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders in relation to the Acquisition, the Whitewash Waiver, the Placing, the grant of Specific Mandate and the Disposal; (v) a notice of the EGM; and (vi) a form of proxy.

Pursuant to Rules 14.60(7) and 14A.68(11) of the Listing Rules, the Circular is required to be despatched to the Shareholders within 15 Business Days from the date of this announcement. Pursuant to Rule 8.2 of the Takeovers Code, the Circular is required to be despatched to the Shareholders within 21 days (or, in the case of a securities exchange offer, 35 days) from the date of this announcement. The Circular is subject to review and comments by the Stock Exchange and the SFC and will be despatched to the Shareholders as soon as practicable after the Company has obtained the approval in principle from the Listing Committee with respect to the new listing application. In view of the process required in connection with the new listing application by the Company, the Company expects that more time may be needed for the Stock Exchange to approve the Company's new listing application and for the preparation of the Circular, which is expected to be despatched on or before July 31, 2023. As such, the Company will apply to the Executive pursuant to Rule 8.2 of the Takeovers Code for its consent to extend the time limit for the despatch of the Circular.

## **WARNING**

**Shareholders and potential investors should note that completion of each of the Acquisition and the Placing is subject to the fulfillment or waiver (as the case may be) of the conditions under each of the Acquisition Agreement and the Placing Agreement. In addition, the Listing Committee of the Stock Exchange may or may not approve the new listing application to be made by the Company. In the event that approval of the new listing application of the Company is not granted, the Acquisition Agreement and the Placing Agreement will not become unconditional and the Acquisition and the Placing will not proceed. As the Acquisition and the Placing may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **THE ACQUISITION AGREEMENT**

On January 11, 2023, the Purchaser, a wholly-owned subsidiary of the Company and the Vendor entered into the Acquisition Agreement pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Acquisition Shares, representing the entire issued share capital of the Acquisition Target Company. The consideration for the acquisition of the Acquisition Shares is US\$2,023.27 million (equivalent to approximately HK\$15,853.71 million), and will be settled by way of allotment and issue of the Consideration Shares at the Issue Price of HK\$0.55 per Share. The Company undertakes to repay part of the Interim Financing with part of the net proceeds from the Placing subject to the Acquisition Completion and Placing Completion and in accordance with all applicable connected transaction rules. Please refer to the paragraph headed “PROPOSED PLACING OF THE PLACING SHARES” of this announcement for further details of the Placing.

### **Date**

January 11, 2023

### **Parties**

Purchaser: Castle Riches Investments Limited

Guarantor of the Purchaser: the Company

Vendor: WM Motor Holdings Limited

As at the date of this announcement, the Vendor beneficially owned 2,275,545,343 Shares, representing approximately 23.67% of the entire issued share capital of the Company, and is hence a substantial shareholder of the Company. Mr. Shen, a non-executive Director, directly and indirectly, together with Ms. Wang Lei, his spouse, held 30.82% of the total issued shares of the Vendor and is also a substantial shareholder of the Company. Accordingly, the Vendor is a connected person of the Company through its direct shareholding in the Company and as an associate of Mr. Shen.

Further information on the Vendor is set out in the paragraph headed “Information on the Vendor” below.

### **Asset to be acquired**

Pursuant to the Acquisition Agreement, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Acquisition Shares, representing the entire issued share capital of the Acquisition Target Company. The Company shall guarantee the obligations of the Purchaser under terms of the Acquisition Agreement.

Further information on the Acquisition Target Group is set out in the subsection headed “Information on the Acquisition Target Group” in this announcement.

### **Acquisition Consideration**

The consideration for acquisition of the Acquisition Shares is US\$2,023.27 million (equivalent to approximately HK\$15,853.71 million), which will be satisfied by way of allotment and issue of the Consideration Shares on the Acquisition Completion at the Issue Price of HK\$0.55 per Consideration Share.

The Consideration Shares will be allotted and issued under the Specific Mandate proposed to be obtained at the EGM and further details of the terms on which the Specific Mandate is to be sought from the Independent Shareholders will be set out in the Circular to be despatched to the Shareholders.

The Consideration Shares, when allotted and issued, shall rank *pari passu* in all respects inter se and with all the other Shares in issue as at the date of allotment and issue of the Consideration Shares, including the right to all dividends, distributions and other payments made or to be made, the record date for which falls on or after the date of such allotment and issue.

## **Basis of determination of the Acquisition Consideration**

The Acquisition Consideration was determined between the Purchaser and the Vendor on arm's length after discussions and negotiations with reference to (i) the potential growth and market opportunities of the Acquisition Target Group after the Acquisition such as (a) the potential of the Acquisition Target Group in increasing its market access to the smart electric vehicle segment in the PRC and to making a foray into the global market, (b) the potential for synergies in positioning the Acquisition Target Group to tap the luxury electric vehicle market in the PRC and beyond; and (c) the potential enhancement in the Shareholders' return, details of which are set out in the paragraph headed "Reasons for and benefits of the Acquisition" below; (ii) the Acquisition Consideration being wholly settled by way of issue of the Consideration Shares and there being no cash outlay by the Group. By issuing Consideration Shares to satisfy the Acquisition Consideration, the internal cash resources of the Group together with proceeds from the Placing can be preserved for development of business of the Group which is beneficial to the Company and the Shareholders as a whole and the interests of the Vendor and the Company can be further aligned by the further strengthening of shareholding relationship; (iii) the financial performance of the Acquisition Target Group for the three years ended December 31, 2021 and six months ended June 30, 2022; (iv) the unaudited consolidated net liability value of the Acquisition Target Group attributable to the equity shareholders of the Acquisition Target Company as at December 31, 2021 of approximately RMB752 million (excluding financial instruments with preferred rights); and (v) the aggregate consideration of US\$563,724,659 paid by certain investors of the Vendor, namely, (a) Step Ahead International Limited (indirect wholly-owned subsidiary of Shun Tak Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0242)); (b) Pacific Legend Group Limited (a company ultimately controlled by PCCW Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0008)); (c) Guangzhou Nansha Xinde Houwei Venture Capital Fund Partnership (Limited Partnership) (controlled by GF Securities Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 000776)); (d) August State Investments Ltd (ultimately wholly-owned by Agile Group Holdings Limited (SEHK: 3383)); (e) the Pitaksit family (namely, Wisut Pitaksit (together with Budit Pitaksit, Srun Pitaksit, Winai Pitaksit, Wisit Pitaksit); (f) Cosmos Inc.; (g) Full Kingdom Limited and (h) Suzhou Qianhai Ark Wisdom Technology Industry Investment Management Partnership (Limited Partnership) for approximately 9.87% equity interest in the Vendor in its latest round of financing held between October 2021 and March 2022, implying the consideration for 100% of equity interest in the Vendor being approximately US\$5.7 billion in the latest round of financing.

Following the determination of the Acquisition Consideration as laid out above, the Directors made further efforts to ensure the reasonableness and fairness of the Acquisition Consideration by referencing the price-to-sales ratios of four companies listed in Hong Kong which operate in the EV industry. In selecting the comparable companies that are listed in Hong Kong, the Company mainly considered the similarities of these companies with the business nature of the Acquisition Target Group (i.e., manufacture and sales of smart EV), the business model (i.e., design, manufacture and sale of smart EV with application of advanced technologies and after-sale care) and the Acquisition Target Group's target market, i.e. the PRC.

As such, the Company is of the view that the comparable companies selected represent an exhaustive list of companies which satisfies the selection criteria and therefore the samples are fair and representative.

<b>Name of comparable company (stock code)</b>	<b>2021 P/S ratio*</b>
NIO Inc. (stock code: 9866)	3.3x
XPeng Inc. (stock code: 9868)	1.9x
Li Auto Inc. (stock code: 2015)	4.3x
Zhejiang Leapmotor Technology Co., Ltd. (stock code: 9863)	6.1x
Average	3.9x
Medium	3.8x

\* *Share price of the relevant comparable companies taken as of December 1, 2022*

The Acquisition Target Company (i) had a consolidated revenue of approximately RMB4,742.5 million (equivalent to approximately HK\$5,284.5 million) for the year ended December 31, 2021; and (ii) owns 80.93% of WM Shanghai, which in turn owns all the revenue generating operating entities of the Acquisition Target Group. As a result, the Implied Consideration based on the average P/S ratio of 3.9x of the foregoing comparable companies is US\$2,137.8 million. Having considered (i) the Acquisition Consideration is less than the Implied Consideration; (ii) the Acquisition Consideration being wholly settled by way of issue of the Consideration Shares and there being no cash outlay by the Group; (iii) historical financials and the financial performance of the Acquisition Target Group; (iv) the potential growth and market opportunities

of the Acquisition Target Group after the Acquisition; (v) the synergistic values of the Enlarged Group; and (vi) the Latest Equity Investment in the Vendor, the Directors (excluding the independent non-executive Directors who will provide their view in the Circular after considering the advice from the Independent Financial Adviser) consider that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

### **Consideration Shares**

28,824,919,557 Consideration Shares will be allotted and issued by the Company to the Vendor upon the Acquisition Completion. The Consideration Shares represent:

- (i) approximately 299.85% of the entire issued share capital of the Company as of the date of this announcement;
- (ii) approximately 74.99% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares immediately after the Acquisition Completion (assuming that the Share Options have not been exercised, the Existing CBs have not been converted into Shares and there is no other change in the entire issued share capital of the Company from the date of this announcement to the date of Acquisition Completion);
- (iii) approximately 63.27% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Placing Shares (assuming that the Share Options have not been exercised and the Existing CBs have not been converted into Shares and there is no other change in the entire issued share capital of the Company from the date of this announcement to the date of Acquisition Completion and Placing Completion); and
- (iv) approximately 62.20% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares, the Placing Shares, the Existing CB Conversion Shares, and the Shares by the full exercise of the Share Options (assuming that there is no other change in the entire issued share capital of the Company from the date of this announcement to the date of Acquisition Completion and Placing Completion).

As at the date of this announcement, the Vendor beneficially owned 2,275,545,343 Shares, representing approximately 23.67% of the entire issued share capital of the Company.

Immediately after the allotment and issue of the Consideration Shares and the Placing Shares and assuming that the Share Options have not been exercised and the Existing CBs have not been converted into Shares and there is no other change in the entire issued share capital of the Company from the date of this announcement to the date of Acquisition Completion and Placing Completion, the shareholding of the Vendor will be increased to 31,100,464,900 Shares, representing approximately 68.26% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Placing Shares.

As a result of the Distribution, the Company expects that it will be able to meet the minimum public float requirement under Rule 8.08 of the Listing Rules.

The Issue Price was determined by the Purchaser and the Vendor after arm's length negotiations, with reference to, including but not limited to the prevailing and historical average market prices of the Shares. The Issue Price represents:

- (i) a premium of approximately 115.69% to the closing price of HK\$0.26 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 126.90% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.24 per Share;
- (iii) a premium of approximately 128.79% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day of approximately HK\$0.24 per Share;
- (iv) a premium of approximately 117.16% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.25 per Share;
- (v) a premium of approximately 117.34% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.25 per Share;



- (vi) a premium of approximately 88.55% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 180 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.29 per Share;
- (vii) a premium of approximately 20.63% to the audited net asset value attributable to owners of the Company of HK\$0.46 per Share as at September 30, 2021; and
- (viii) a premium of approximately 35.44% to the unaudited net asset value attributable to owners of the Company of HK\$0.41 per Share as at September 30, 2022.

The Issue Price was determined on arm's length basis after negotiations between the Company and the Vendor, which have taken into account of various factors including (i) the historical issue prices of new Shares and conversion prices of convertible bonds issued by the Company over the past three years as shown below; (ii) the audited net asset value and unaudited net asset value of the Company as at 30 September 2021 and 30 September 2022, respectively; (iii) the anticipated increase in enterprise value of the Company resulted from the new business development, e.g., the Apollo brand first high-end EV model, a carbon fiber two-door pure electric smart coupe, has an estimated manufacturer's suggested retail price ranging from RMB1.0 million to RMB2.0 million, which is intended for the high-end EV market and targeting high-end customers, to be launched and consequently mass production plan supported by fully licensed manufacturing base wholly owned by the Acquisition Target Group. This new business development is anticipated to significantly increase the sales volume and brand awareness of the Company, resulting in increased overall enterprise value perceived by the capital market; (iv) the cutting-edge design, engineering backing, proprietary technologies, the advanced 3D metal printing automotive manufacturing platform, and exquisite experiences in serving Tier-1 auto brands of the Company which is anticipated to further elevate the Enlarged Group's products design and quality; (v) the synergistic value to the Company by incorporating the Acquisition Target Group as one of the global strategic manufacturing partners which is expected to set a new and higher standard for the electrification era and its luxury customers, and take its new smart electric passenger car businesses to the next

level by leveraging on the Acquisition Target Group's commercial production capacities, marketing, and distribution resources in China; (vi) benefits of the Acquisition Target Group's own strategically invested manufacturing facilities in Zhejiang and Hubei Provinces with a maximum annual production capacity of 250,000 units of vehicles, which is the largest among all domestic pure-play EV automakers in China according to the CIC Report (both of these manufacturing facilities hold requisite EV manufacturing licenses and the manufacturing facility in Hubei Province also holds a traditional gasoline-fueled vehicle manufacturing license, which could not be further granted by the relevant PRC regulators); (vii) solid track record of the Acquisition Target Group having delivered more than 100,000 smart electric passenger cars and experience in establishing smart electric passenger car R&D and distribution networks to facilitate the build up of the Company's smart electric passenger car businesses in China; and (viii) the current market conditions and the expected and continued rebound of the market. Based on the above, the Directors (excluding the independent non-executive Directors who will express their view after receiving advice from the Independent Financial Adviser) consider that the Issue Price is fair and reasonable to the Company and the Shareholders as a whole.

The following table sets forth the historical issue prices of new Shares and conversion prices of convertible bonds issued by the Company over the past three years. The average price was HK\$0.51, hence the Issue Price is comparable and reasonable.

<b>Date of agreement</b>	<b>Issue price/ conversion price</b>	<b>Total amount</b>	<b>Description</b>
September 13, 2021	HK\$0.55	HK\$85,800,000	Issuance of convertible bonds
September 8, 2021	HK\$0.50	HK\$78,000,000	Issuance of convertible bonds
December 7, 2020	HK\$0.46	HK\$490,634,160	Share placement
May 16, 2019	HK\$0.52	HK\$1,032,720,000	Issuance of consideration shares
<b>Average</b>	<b>HK\$0.51</b>		

The Directors (excluding all the independent non-executive Directors, who will give their opinion based on the recommendation from the Independent Financial Adviser) are of the view that the Acquisition Consideration, being in the form of an issuance of the Consideration Shares, is advantageous for the Group having considered the following reasons:

- (i) the alternative fund-raising methods, for instance, by way of bank loans and/or other borrowings in a rising interest rate environment, will inevitably increase the interest costs burden and adversely affect the debt position of the Group. Taking into account the market conditions, the Directors have considered certain alternative fund-raising methods and determined that the issuance of Consideration Shares to be most appropriate. Please refer to the paragraph headed “PROPOSED PLACING OF THE PLACING SHARES — Placing Shares” in this announcement for further details of the alternative fund-raising methods;
- (ii) the settlement of the Acquisition Consideration through the issue of Consideration Shares allows the Company to minimize its funding costs;
- (iii) as compared to cash consideration and/or the issue of the promissory notes to be funded from internal resource, borrowings and future earnings, the issue of the Consideration Shares will not adversely affect the cash position or hinder the implementation of the development plans of the Group in the short to medium term; and
- (iv) the Vendor, being the single largest Shareholder, together with Mr. Shen, have confidence on realization of the immense synergistic potential within the Enlarged Group and will further strengthen and align their long term interest with the Enlarged Group by accepting Consideration Shares.

### **Specific Mandate**

The Consideration Shares will be allotted and issued under the Specific Mandate to be granted by the Independent Shareholders at the EGM.

### **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

## **Conditions precedent of the Acquisition**

Acquisition Completion is conditional upon the satisfaction or (as the case may be) waiver of the following conditions:

- (a) the Purchaser having been satisfied with the results of such enquiries, investigations and due diligence reviews of the business, affairs, operations and financial position of the Acquisition Target Group by the Purchaser or any of its officers, employees, agents, professional advisers or other persons authorized by the Purchaser as the Purchaser in its discretion deems necessary, desirable or appropriate to undertake;
- (b) the Vendor having been satisfied with the results of such enquiries, investigations and due diligence reviews of the business, affairs, operations and financial position of the Group by the Vendor or any of its officers, employees, agents, professional advisers or other persons authorized by the Vendor as the Vendor in its discretion deems necessary, desirable or appropriate to undertake;
- (c) the receipt of an opinion from the Independent Financial Adviser to the Independent Board Committee and the Whitewash Independent Board Committee confirming that the Acquisition Agreement and the transactions contemplated thereby, including but not limited to the issue of the Consideration Shares, the Whitewash Waiver, as well as other matters, if any and if required, and the respective transactions contemplated thereunder is fair and reasonable and the passing by the Independent Shareholders at the EGM to be convened and held of resolutions to approve the Acquisition Agreement and the transactions contemplated thereby, including but not limited to the issue of the Consideration Shares and the Placing Shares, the Whitewash Waiver, the proposed increase in the authorized share capital of the Company, as well as other matters, if any and if required, and the respective transactions contemplated thereunder;
- (d) the Vendor having obtained the necessary approvals from its shareholders to effect a sale of the Acquisition Target Company and such approval being valid and subsisting at the time of the Acquisition Completion;

- (e) the approval in principle from the Listing Committee pursuant to the Rule 14.54 of the Listing Rules with respect to the new listing application and the transactions contemplated thereunder having been obtained, and such permission and approval of listing not subsequently having been revoked or cancelled, and all other consents and acts required under the Listing Rules and the Takeovers Code having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange and/or the SFC;
- (f) the Executive having granted the Whitewash Waiver (and such waiver not being subsequently revoked or withdrawn prior to the Acquisition Completion) and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;
- (g) the listing of, and permission to deal in, all the Consideration Shares being granted by the Listing Committee of the Stock Exchange and such listing approval not having been revoked prior to the Acquisition Completion;
- (h) all necessary licenses, consents, approvals, authorizations, permissions, waivers, orders, exemptions or notifications of, among others, creditors and shareholders of the Acquisition Target Group, other relevant third parties and/or Governmental Entity, which are required for the execution and performance of the Acquisition Agreement or Acquisition Completion having been obtained and not having been revoked, lapsed or withdrawn prior to Acquisition Completion, including filings with and receipt of clearances from the State Administration for Market Regulation of the PRC or its local counterparts for merger review;
- (i) the Company having entered into the Placing Agreement of which the conditions precedent of such agreement(s) are all satisfied, or waived (if applicable) (other than any condition in such agreement(s) which requires the fulfilment of the conditions precedent of the Acquisition Agreement);

- (j) the representations and warranties given by the Vendor under the Acquisition Agreement (other than the warranty on legal and beneficial ownership over the Acquisition Shares) are true and accurate in all material respects and not misleading in any material respect as of the date of Acquisition Completion by reference to the facts and circumstances subsisting as at the date of Acquisition Completion and the warranty given by the Vendor in relation to the legal and beneficial ownership over the Acquisition Shares are true, correct in all respects as of the date of Acquisition Completion;
- (k) the representations and warranties given by the Company under the Acquisition Agreement (other than the warranty given by the Company on legal and beneficial ownership over the Consideration Shares) are true and accurate in all material respects and not misleading in any material respect as of the date of Acquisition Completion by reference to the facts and circumstances subsisting as at the date of Acquisition Completion and the warranty given by the Company in relation to the legal and beneficial ownership over the Consideration Shares are true, correct in all respects as of the date of Acquisition Completion;
- (l) each of the Vendor and the Purchaser having performed and complied with all agreements, obligations and conditions contained in the Acquisition Agreement that are required to be performed or complied with by it on or before Acquisition Completion;
- (m) no material adverse change or prospective material adverse change in the business, operations, financial condition or prospects of any of the members of the Acquisition Target Group and the Group having occurred; and
- (n) no Governmental Entity having granted any order or made any decision that restrict or prohibit the implementation of the transactions contemplated under the Acquisition Agreement.

Except as set out therein, each of the Company and the Vendor is not aware of other material regulatory approvals, specific authorization or consent requirement in respect of condition (h). The Purchaser and the Vendor may at any time waive in whole or in part and conditionally or unconditionally any of the foregoing conditions (other than the conditions (c) to (i) and (n) which are not waivable by any Parties in any event) by notice in writing to the other Party. As at the date of this announcement, save as disclosed above, the Vendor and the Purchaser are not aware of any other necessary approvals and consents of any other person that are required to be obtained in connection with the transactions contemplated under the Acquisition Agreement.

If the conditions in any of the clauses (c) to (i) and (n) (other than condition (d)) is not satisfied on or before the Long-Stop Date or any of the other conditions is not satisfied or waived on or before the Acquisition Completion, either Party shall have the right to terminate the Acquisition Agreement by notice within five (5) Business Days, provided however that the termination of the Acquisition Agreement shall be without prejudice to the rights and liabilities of any Party accrued prior to such termination. In all other such circumstances, the Acquisition Agreement shall lapse without liability to any Party.

If the condition in clause (d) is not satisfied on or before the Long-Stop Date, the Purchaser shall have the right to terminate the Acquisition Agreement by notice within five (5) Business Days, whereupon the Vendor shall pay the Purchaser the sum of US\$10,000,000 as a best effort estimation of the damages, costs and expenses as may be suffered by the Purchaser by reason of the failure by the Vendor to consummate the transactions contemplated under the Acquisition Agreement and the parties acknowledge that such Break-Fee shall represent liquidated damages and not a penalty, for the reasonable out-of-pocket and loss of bargain to the Purchaser.

As at the date of this announcement, none of the above conditions precedent has been fulfilled.

The Acquisition Completion and the Placing Completion are inter-conditional. Please refer to the paragraph headed “PROPOSED PLACING OF THE PLACING SHARES — Conditions” of this announcement for further details of the Placing Completion.

## Acquisition Completion

The Acquisition Completion shall take place on the date falling on the 5th Business Day (or such other date as the Vendor and the Purchaser may agree in writing) after all the conditions precedent under the Acquisition Agreement having been fulfilled or waived (as the case may be) by the relevant parties.

Upon Acquisition Completion, the Group will own the entire issued share capital of the Acquisition Target Company and its results will be consolidated with the financial results of the Group in accordance with the relevant accounting standards.

## PROPOSED INTERIM FINANCING

The Vendor and the Acquisition Target Company are proposing to raise the Interim Financing within two to three months from the date of this announcement subject to prevailing market conditions to supplement the cash flow and working capital for the operation of the Acquisition Target Group, as such, in the event that the Interim Financing will only be made available to the Vendor as a borrowing entity, the intention is for such borrowed monies to be on-lent to the Acquisition Target Group in the form of inter-company loans as and when required to satisfy the financial needs of the Acquisition Target Group prior to the Acquisition Completion. As part of the overall agreement between the parties with regard to the Acquisition and the Placing, the Company undertakes to repay part of the Interim Financing from part of the net proceeds from the Placing, subject to the Acquisition Completion and Placing Completion and in accordance with all applicable connected transaction rules. **The extension of the Shareholder's Loan by the Vendor to the Acquisition Target Group is not a condition precedent to the Acquisition and the Placing.**

As at the date of this announcement, the Vendor has entered into term sheets for the Interim Financing of approximately RMB720 million: (1) an indicative credit term sheet for a facility in the amount of HK\$250 million with the head office of a major commercial bank in Macau, whose Shanghai branch were also one of the participating banks for the existing syndicated loan facility of the Acquisition Target Group; (2) a legally binding credit term sheet for a facility in the amount of RMB500 million with Shenzhen Amer Industrial Co., Ltd.\* (深圳正威實業有限公司). As at the date of this announcement, none of the Interim Financing has been withdrawn or used by the Acquisition Target Group.



Principal terms of each facility related to the Interim Financing arrangements are shown as follows, subject to the entering into of the definitive agreements and the terms and conditions therein:

	<b>The Amer Loan</b>	<b>The Macau Loan</b>
<b>Borrower</b>	The Vendor or its subsidiary/affiliated company	The Acquisition Target Company
<b>Dates</b>	December 28, 2022	December 29, 2022
<b>Lender</b>	Shenzhen Amer Industrial Co., Ltd.* (深圳正威實業有限公司)	a major commercial bank in Macau
	Each Lender and its ultimate beneficial owners are third parties independent of the Company and its connected persons and none of the Lenders holds any Shares	
<b>Principal amount</b>	Not more than RMB500 million	Not more than HK\$250 million
<b>Interest rate</b>	The loan shall bear interest at a rate of 2.5% per annum plus three-months HIBOR, payable in cash semi-annually in arrears	The loan shall bear interest at a rate of 4.0% per annum plus three-months HIBOR, payable every three months
<b>Term</b>	2 years from drawdown date	1 year from drawdown date
	Drawdown of each loan is subject to the conditions precedent as set out in the definitive documents.	
<b>Repayment arrangement</b>	The loans shall be repayable in full at maturity	

## The Amer Loan

## The Macau Loan

### Security

None

The security includes, among other things, (a) pledge of the 72,301,840 class A ordinary shares and 1,142,044,620 class B ordinary shares in the Vendor (representing approximately 16.89% of issued share capital of the Vendor) held by Timeless Hero Limited, (b) pledge of all Timeless Hero Limited's shares (representing approximately 100% of issued share capital of Timeless Hero Limited) indirectly owned by Mr. Freeman Shen, (c) share pledge over certain subsidiaries (including WM Motor HK Limited, Xingye International Co. Limited, WM North America AI Lab, Sifonia Global Investment Management Co., Limited, Weltmeister Shanghai, Weltmeister Automobile Technology Suzhou Co, Ltd. and WM Asia-Pacific Intelligent Technology (Zhuhai) Co., Ltd.\* (威馬亞太智能科技(珠海)有限公司)) of the Acquisition Target Group, (d) subordination of shareholder's loan and intercompany loan provided by shareholders or affiliates of the Acquisition Target Company, (e) account pledge provided by the Acquisition Target and (f) guarantee in relation to all undertakings and assets held by Mr. Shen and Timeless Hero Limited and certain members of the Acquisition Target Group.

## **The Amer Loan**

## **The Macau Loan**

Timeless Hero Limited is a company incorporated in the British Virgin Islands, a wholly owned by Freeman Schenk Limited and a shareholder of the Vendor. The entire interest in Freeman Schenk Limited is held by a trust that was established by Mr. Shen (as the settlor) for the benefit of Mr. Shen and his family. As at the date of this announcement, Timeless Hero Limited held approximately 16.89% of the total issued shares of the Vendor. Please refer to the shareholding structure of the Acquisition Target Group as set out in the paragraph headed “Shareholding Structure of the Acquisition Target Group” of this announcement.

### **Use of proceeds**

To fund general working capital of the Vendor and its subsidiaries

To fund general working capital of the Acquisition Target Group

As of the date of this announcement, the Acquisition Target Group has not identified any specific usage of the funding. The Interim Financing serves as an extra standby line of credit for the Acquisition Target Group to ensure that the Acquisition Target Group has sufficient capital amid fluctuations of the price of key raw materials and components.

As at the date of this announcement, the amount to be drawn down and injected into the Acquisition Target Group is still uncertain and subject to the future business needs of the Acquisition Target Group and the financing options available in the market.

## The Amer Loan

## The Macau Loan

### **Strategic Benefits brought to the Vendor**

The documents were negotiated on an arm's length basis after taking into considerations such as the credit worthiness of the Vendor and/or the Acquisition Target Group. The directors of the Vendor were of the view that the Acquisition Target Group could benefit from the additional funding provided by these loan and Vendor can obtain immediate funding for further business expansion.

## **COMMITTED STANDING FACILITIES**

On May 19, 2022 the Vendor entered into facility agreements with August State Investments Ltd and Danvin Limited, being the existing shareholders of the Vendor, pursuant to which August State Investments Ltd and Danvin Limited irrevocably agreed to make loans to the Vendor in the amount of HK\$700 million and HK\$800 million, respectively. These facilities are available for drawdown until the end of 2023. Please refer to the shareholding structure chart of the Acquisition Target Group as set out in the paragraph headed "Shareholding Structure of the Acquisition Target Group" of this announcement, pursuant to which, August State Investments Ltd is wholly-owned by Agile Group Holdings Limited (stock code: 3383), who is the largest shareholder of the Vendor as at the date of this announcement.

Similar to the Amer Loan, the intention of the Vendor is for such borrowed monies to be on-lent to the Acquisition Target Group in the form of inter-company loans as and when required to satisfy the financial needs of the Acquisition Target Group prior to the Acquisition Completion. **The extension of the Shareholder's Loan by the Vendor to the Acquisition Target Group is not a condition precedent to the Acquisition and the Placing.**

As at the date of this announcement, none of the Committed Standing Facilities has been withdrawn or used by the Acquisition Target Group.

Principal terms of the Committed Standing Facility agreements are as follow:

### **The Committed Standing Facilities**

<b>Borrower</b>	The Vendor
<b>Lender</b>	August State Investments Ltd and Danvin Limited
<b>Principal amount</b>	HK\$700 million from August State Investments Ltd and HK\$800 million from Danvin Limited (HK\$1.5 billion in aggregate)
<b>Interest rate</b>	The loan shall bear interest at a rate of 8.0% per annum, calculated based on the actual number of drawdown days
<b>Term</b>	2 years from the date of loan drawdown. Drawdown of the loan is subject to the conditions precedent as set out in the facility agreements.
<b>Repayment arrangement</b>	The loan shall be repayable in full at maturity
<b>Security</b>	None
<b>Use of proceeds</b>	To fund general working capital of the Vendor.

As of the date of this announcement, the Acquisition Target Group has not identified any specific usage of the funding. The Committed Standing Facilities serve as extra standby lines of credit for the Acquisition Target Group to ensure that the Acquisition Target Group has sufficient capital amid fluctuations of the price of key raw materials and components.

As at the date of this announcement, the amount to be drawn down and injected into the Acquisition Target Group is still uncertain and subject to the future business needs of the Acquisition Target Group and the financing options available in the market.

**Strategic Benefits  
brought to the Vendor**

The documents were negotiated on an arm's length basis after taking into considerations such as the credit worthiness of the Vendor. The directors of the Vendor were of the view that the Acquisition Target Group could benefit from the additional capital that would be provided by the loan and Vendor can obtain immediate funding for further business expansion.

**REASONS FOR AND BENEFITS OF THE INTERIM FINANCING AND  
THE COMMITTED STANDING FACILITIES**

EV production is a cash-burning business. Ramping up production of a new model is a risky and expensive process. Furthermore, the Vendor faces challenges arising from increasingly intensive market competition amid the COVID-19 outbreak, all of which point to the need for abundant cash reserves. For example, the increasing number of EV players and EV production volume in the market led to increasing demand for key raw materials and components for smart EVs, while the COVID-19 outbreak and restrictive measures adopted by governments together with other adverse macro factors (such as the Russia-Ukraine conflict), had severely disrupted the global supply chain. As a result, the Acquisition Target Group has experienced shortages and prices increases of certain key raw materials and components (including semiconductor-containing products and battery cells). The Vendor is racing to bring new models to market to increase its customer base in the face of the intensive market competition and rising production costs which is expected to require greater cash buffer. The Vendor foresees that there will still be volatility in the price of the key raw materials and components in 2023 and the availability of the Interim Financing and the Committed Standing Facilities allow the Acquisition Target Group to promptly react to any abrupt market change to satisfy its business needs.

The Acquisition Completion and the Placing Completion are inter-conditional and will be completed simultaneously. The timeline of the Acquisition Completion and the Placing Completion are still subject to uncertainty and wide range of factors, including regulatory approvals and market conditions. While implementing measures to improve profitability, it is also essential for the Vendor and the Acquisition Target Company to raise the Interim Financing and the Committed Standing Facilities to provide a substantial increase in its cash reserves to supplement the cash flow and working capital needs of the Acquisition Target Group in order to meet the sales target, continue to boost its

operating cashflow and provide emergency buffer for unforeseen situations during the period from now till the funding of the Placing becoming available to the Enlarged Group. With the funding, the Vendor believes that the synergistic effect created upon the Acquisition Completion can be further enhanced as it can be used to boost the development of the Acquisition Target Group's business, for example, the improvement of the manufacturing facilities' production capacities, so that the Enlarged Group will be able to manufacture smart EVs in a cost-efficient manner upon Acquisition Completion.

## **INFORMATION ON THE LENDERS**

The lender of the Macau Loan is a major commercial bank in Macau with more than 50 years of history. Apart from traditional services such as deposits, loans, and trade finance, with the deployment of state of the art technology, various kinds of new services are explored and developed so as to cope with the ever-changing needs of business environment.

Shenzhen Amer Industrial Co., Ltd.\* (深圳正威實業有限公司) is a member of Amer International Group, which is a high-tech industrial group led by a complete industrial chain of a new generation of electronic information and new materials developed by the industrial economy. In recent years, it has developed business sectors such as industrial investment and new industrial city development, strategic investment and financial investment, and trading platforms. Amer International Group currently is headquartered in Shenzhen and has established international headquarters in Asia, Europe, and the Americas.

## **INFORMATION ON THE GROUP**

The Company is principally engaged in investment holding and the principal activities of its subsidiaries are (i) designing, developing, manufacturing and sales of high performance hypercars and luxury smart EVs and provision of mobility technology solutions; (ii) retailing and wholesale of jewellery products, watches and other commodities; and (iii) money lending.

The Purchaser is a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

## **INFORMATION ON THE VENDOR**

The Vendor is a company incorporated in the Cayman Islands with limited liability and owned as to 30.82%, directly and indirectly, by Mr. Shen, together with Ms. Wang Lei, his spouse, and 69.18% by diversified institutional and individual investors. Please refer to the paragraph headed “Shareholding Structure of the Acquisition Target Group” of this announcement for further details of the shareholding structure of the Acquisition Target Group as at the date of this announcement.

Mr. Joseph Lee, an executive Director, has approximately 0.003% of equity interest in the Vendor. Ruby Charm Investment Limited, a minority shareholder of the Vendor and wholly owned by Mr. Ho King Man, Justin, is holding 884,220,474 Shares (approximately 9.20% of the entire issued share capital of the Company) and Jumbo Eagle Investments Limited, wholly owned by Mr. Ho King Man, Justin, holds 22,112,000 Shares (approximately 0.23% of the entire issued share capital of the Company). Vivaldi International Limited, a minority shareholder of the Vendor and ultimately owned by Ms. Chau Hoi Shuen Solina Holly (周凱旋), is holding the Existing CBs in the principal amount of HK\$35,100,000 (convertible into 63,818,182 Shares). Able Catch Limited, ultimately and beneficially owned by Mr. Li Ka Shing (李嘉誠), is holding the Existing CBs in the principal amount of HK\$35,100,000 (convertible into 63,818,182 Shares) while Goldrank Limited, a wholly-owned subsidiary of Li Ka Shing (Global) Foundation, which is a charitable organization established by Mr. Li Ka Shing (李嘉誠), is a minority shareholder of the Vendor. Save as disclosed above, there is no other shareholder of the Vendor, whether direct or indirect, is also a Shareholder or a holder of the Existing CBs.

The Vendor is principally engaged in investment holding.

There is, and in the past twelve months, there has been, no material loan arrangement between (a) the Vendor, any of its directors and legal representatives and/or any ultimate beneficial owner(s) of the Vendor; and (b) the Company, any connected person at the Company’s level and/or any connected person at the subsidiary level (to the extent that such subsidiary/subsidiaries is/are involved in the Acquisition).

## **INFORMATION ON THE ACQUISITION TARGET GROUP**

Set out below is the information of the business, shareholding structure and financial information of the Acquisition Target Group based on the information provided by the Vendor.



## **The Acquisition Target Group**

The Acquisition Target Company is a company incorporated in Hong Kong with limited liability.

The Acquisition Target Group is a pioneer in bringing innovative smart EV technologies to China's mainstream market. The brand of the Acquisition Target Group is aiming to deliver smart EVs that offer safe and reliable performance, consistent quality, and superior user experience at affordable prices in China. Based on the strong technological capabilities, the Acquisition Target Group has recorded rapid sales growth. In particular, the EV sales volume in 2021 of 44,152 units more than doubled that of 2020. As a result, the Acquisition Target Group ranked No.1 in sales volume of electric SUVs in 2021 among all pure-play EV automakers in China's mainstream market, and ranked third in terms of both sales volume of EVs and sales volume of smart EVs in 2021 among all domestic automakers in China's mainstream market, according to the CIC Report.

### ***Products***

The Acquisition Target Group offers a comprehensive portfolio of smart EVs equipped with advanced technologies, targeting China's young and tech-savvy users, particularly families, and given this focus, the vehicle designs pay particular attention to rear seat comfort and safety, as well as smart user experience. After the launch of M7 in 2023, the Acquisition Target Group expects to have a total of five models (including various versions of each model), which makes the Acquisition Target Group the largest number of EV models launched during the period from 2018 to 2022 among all pure-play EV automakers in China.

### ***Manufacturing***

The Acquisition Target Group is the first EV automaker in China to have established its own manufacturing facilities from the outset. Both manufacturing facilities are designed to produce EVs that meet the standards required pursuant to the relevant Announcement of Motor Vehicle Manufacturers and Products (道路機動車輛生產企業及產品公告) issued by the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) and other applicable PRC laws. The Acquisition Target

Group has established an “Industry 4.0” manufacturing system based on its highly automated facilities and C2M platform to pursue the highest operational efficiencies. In addition, the Acquisition Target Group are the first and only automaker in the world’s passenger vehicle market to have adopted a customer-to-manufacture platform, a business model that connects manufacturer directly to end-consumers to produce tailored products and substantially avoid various costs associated with the traditional intermediaries distribution model. In July 2020, based on the AI algorithms of WM-APS platform (part of C2M platform), the Acquisition Target Group were awarded the Zhan Lu Award (湛盧獎) for Intelligent Algorithms-the first Global Industrial Intelligence Award.

### *Marketing and sales*

Currently, the Acquisition Target Group relies primarily on its extensive sales and service network (which are predominantly stores of smart mobility partners of the Acquisition Target Group, or “partner stores”) to reach and serve target users, and the Acquisition Target Group uses online marketing to continuously enhance its brand awareness and increase user base. As of June 30, 2022, the Acquisition Target Group had built a sales and service network of 784 partner stores (i.e., stores operated by smart mobility partners to display and/or sell EVs of the Acquisition Target Group), comprising 541 WM Spaces (offering display but not sale of vehicles) as well as 198 WM Stores and 45 WM Stars (both of which offer display and sale of vehicles) across 247 cities in China. The Acquisition Target Group uses multiple store types to tailor services to suit the demographics and preferences of local users, achieve quick localization and build closer and more direct relationships with users. Based on the integrated online-to-offline marketing model, the Acquisition Target Group also conducts extensive branding, marketing and user engagement activities, including a test drive program, vehicle-owner clubs, themed events, livestreaming and auto shows.

## ***Research and development (R&D)***

The Acquisition Target Group has built strong in-house capabilities in the design and engineering of smart EVs over the years. R&D and design philosophy of the Acquisition Target Group are underpinned by four pillars: safety and reliability, consistent quality, superior user experience, and affordability. The specialized design studio of the Acquisition Target Group in Shanghai covers the designs of vehicles, including user interface, user experience, interior, exterior, colors and materials. Compared to traditional automakers that focus on user interactions with screens, the Acquisition Target Group places great importance on user interface and user experience designs, through which users can have a more holistic and immersive experience in vehicles by using functions such as voice control, driver safety monitoring and remote control. With the support of R&D centers, the simulation testing center of the Acquisition Target Group, and two sophisticated EV test-drive tracks that cover various road conditions, the Acquisition Target Group conducts stringent simulation, calibration and integration related testing and verification to ensure the proper functioning and safety of vehicles.

The Acquisition Target Group has built proprietary modularized vehicle development platforms, including Living Pilot AD/ADAS platform, Living Motion e-powertrain platform, Living Engine smart cockpit platform, and Ajax chassis platform. Through the continuous upgrading of modularized vehicle development platforms, the Acquisition Target Group can quickly incorporate the latest technological advancements and introduce new EV models with high speed-to-market. The Acquisition Target Group is developing Caesar chassis platform, which is expected to launch in 2023. This chassis platform will adopt the world-leading e-drive technology of next-generation SiC MOSFET-an 800V high-voltage SiC inverter that will reduce fast-charging time (defined as the time to charge the battery from 30% to 80%) to approximately 10 minutes, compared to an industry average of 30 minutes.

## ***After-sales services***

Through phone-based WM Smart Mobility application and the connectivity between vehicles and systems, the Acquisition Target Group are closely connected with users throughout the user lifecycle. This coverage includes vehicle marketing and sales, vehicle controls, continuous OTA upgrades, after-sales services, charging solutions and value-added services such as automotive loan referral and finance lease, insurance facilitation and premium service subscriptions.

## **On-going lawsuits with Geely Group**

As of the date of this announcement, certain members of the Acquisition Target Group, as the defendants, had certain on-going lawsuits with Geely Group, as the claimants, with respect to the alleged infringement of Geely Group's trade secrets and intellectual property disputes with Geely Group.

### ***Trade Secret Dispute***

In September 2022, the trial judgment in respect of the Trade Secret Dispute has been given by the Higher People's Court of Shanghai Municipality on the Trade Secret Dispute, which is summarized as below:

- (i) the Higher People's Court of Shanghai Municipality was of the view that only five (5) out of all drawings of the Acquisition Target Group were substantially similar to the drawings of the relevant technical solutions, and upon the Trial Judgment being effective, WM Motor Manufacturing Wenzhou Co., Ltd.\* (威馬汽車製造溫州有限公司) should cease its usage of the five drawings until such drawings become publicly known; and
- (ii) the claimants' alleged claim of RMB2.1 billion actual loss and reasonable expense lacks legal or factual basis and is not supported by the actual circumstances surrounding the Trade Secret Dispute. As a result, the Higher People's Court of Shanghai Municipality awarded the claimants (i) RMB5 million of compensation; and (ii) RMB2 million of reasonable expense incurred by the claimants to stop the trade secret infringement. The fees of RMB10,541,800 charged by the Higher People's Court of Shanghai Municipality was to be borne by WM Motor Manufacturing Wenzhou Co., Ltd. as to RMB6,325,080. As such, the total financial exposure of the Acquisition Target Group pursuant to the Trial Judgment is RMB13,325,080.

WM Motor Manufacturing Wenzhou Co., Ltd. and the claimants have respectively filed an appeal against the Trial Judgment and as a result, the Trial Judgment will not be effective until the appeal is being heard and ruled by the Supreme People's Court. As advised by the Vendor's PRC litigation lawyer, it is expected that the judgment for the appeal for the Trade Secret Dispute would be given by or around the end of 2023.

## ***IP Disputes***

The first-instance judgments in respect of the IP Disputes given by the Shanghai Intellectual Property Court in late June 2022 have ruled that, among others: (i) the ownership of 18 out of 29 concerned patents were presumed to belong to the claimants and the court rejected the claims of the claimants in relation to the remaining 11 concerned patents; and (ii) the Acquisition Target Group was not liable for the claimed amount of RMB1.16 million.

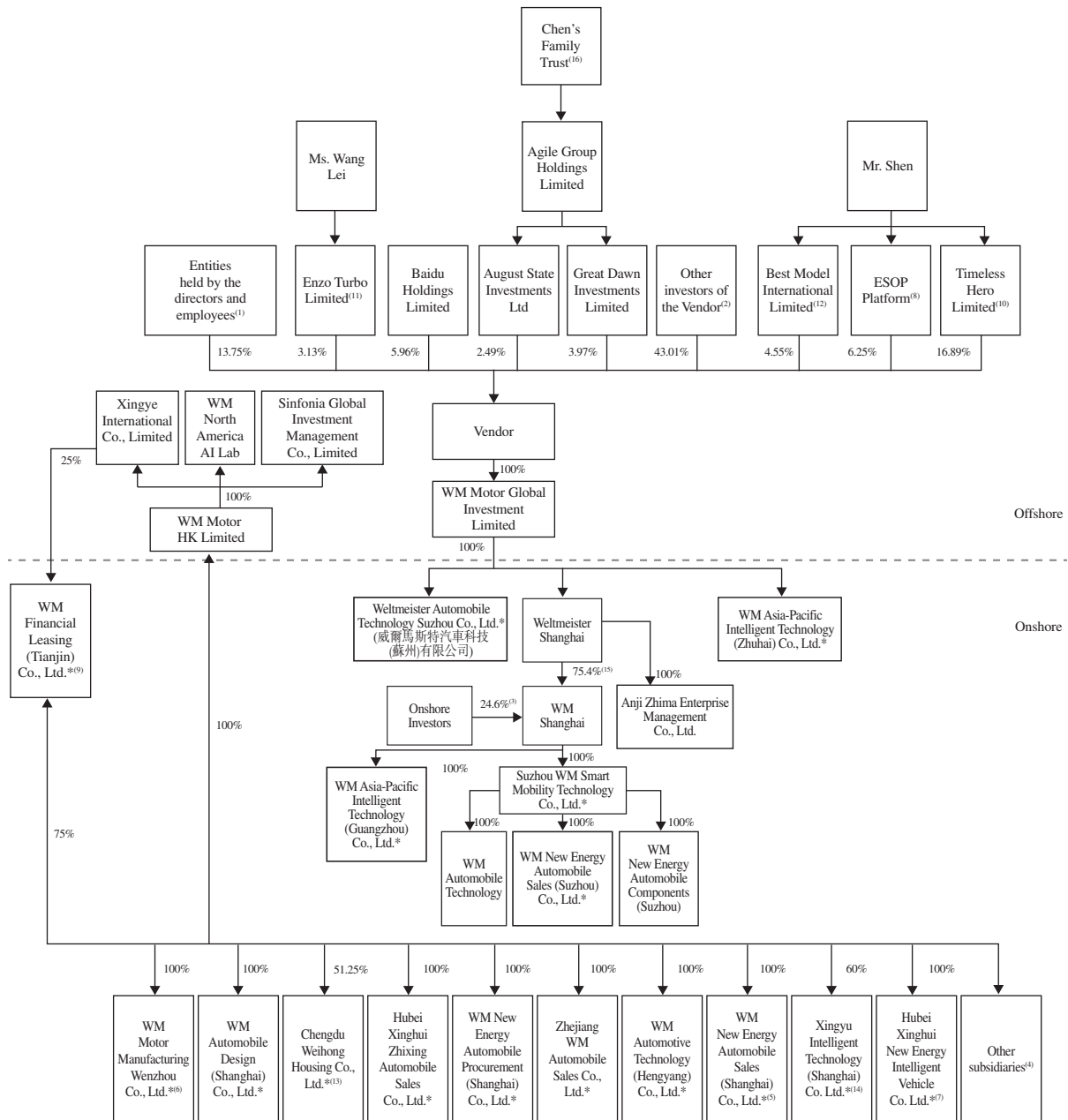
The Acquisition Target Group has filed appeals for the 18 IP Disputes which were ruled in favor of the claimants, and the claimants have filed appeals for all the IP Disputes. As a result, the first-instance judgments for all of the 29 IP Disputes will not be effective until the appeals are being heard by the court. As advised by the Vendor's PRC litigation lawyer, it is expected that the judgments for the appeal for the IP Disputes would be given by or around the end of 2023.

## ***Potential financial exposure***

Based on the Vendor's PRC legal advisors' advice, the potential maximum financial exposure of the Acquisition Target Group under the Trade Secret Dispute and the IP Disputes is approximately RMB61.2 million (which is equivalent to approximately 1.5% of the total assets of the Group as of September 30, 2022 as shown in the interim report of the Company for the twelve months ended September 30, 2022 assuming an exchange rate of RMB1 to HK\$1.1031) and a provision of approximately RMB61.2 million has been included in the Acquisition Target Group's consolidated financial statements.

## Shareholding structure of the Acquisition Target Group

(a) The following diagram sets out the shareholding structure of the Acquisition Target Group as at the date of this announcement:



\* for identification purpose only.

*Notes:*

- (1) Entities held by the directors and employees (current and former) of the Acquisition Target Group comprise Ellena Limited (wholly owned by Ligang Du (杜立剛), a director of the Vendor), Champion Road HHJ Holdings Limited (wholly owned by Haijing Hou (侯海靖), a director of the Vendor), Elite Way Capital Company Limited (wholly owned by Ran Zhang, an employee of the Vendor), Siegweg CGH Holdings Limited (wholly owned by Guohai Chen (陳國海), an employee of the Vendor), Forrest JA Holdings Limited (wholly owned by Xiang Xiao (肖翔), an employee of the Vendor), Science Leo Holdings Limited (wholly owned by Jie Song (宋潔), an employee of the Vendor), PLANET PEGASUS LIMITED (wholly owned by Patrik Zhou, an employee of the Vendor), Siegweg LSN Holdings Limited (wholly owned by Shanniang Lv (呂珊娘), an employee of the Vendor), WM Pantheon Holdings Limited (owned as to 16.59% by Tao Yuan (袁濤), 9.18% by Chen Zhou (周晨), 12.09% by Guolin Wu (吳國林), 0.86% by Kun Zhang (張坤), 0.27% by Yi Zhang (張義), 17.28% by Huanxin Xu, 17.82% by Feng Yan (閆楓), 15.12% by Bin Lu (陸斌), 8.64% by Chaohui Liu (劉朝暉) and 2.16% by Jian Pu (朴健), all of them employees of the Vendor) and Rational Rose Holding Limited (wholly owned by Yijia BI, a director of the Vendor) and are investment holding companies, which are ultimately controlled by the directors and current and former employees of the Acquisition Target Group.
- (2) Other investors of the Vendor include Heritage International Holdings Limited, SSS ZNTO FLS Limited, Vast-link Enterprises Limited, Tronfund International Capital (Hong Kong) Limited, Smooth River Limited, Shanghai Jixian Enterprise Management Consulting Partnership (Limited Partnership), Shanghai Jijue Enterprise Management Consulting Partnership (Limited Partnership), Guangzhou Guangjin Innovation One Equity Investment Centre (Limited Partnership), Shanghai Yuanbai Management Consulting Partnership (Limited Partnership), Shanghai Mingdian Enterprise Management Co., Ltd., Ningbo Meishan Free Trade Port Area Youyan Investment Partnership (Limited Partnership), Shanghai Yuechen Enterprise Management Partnership (Limited Partnership), Shanghai Yijin Caixin Investment Centre (Limited Partnership), Jiaxing Chuangsheng Enterprise Management Partnership (Limited Partnership), Shanghai Wenxin Enterprise Management Consulting Partnership (Limited Partnership), Hongzheng Junfang Investment Co., Ltd., Shanghai Yuncheng Enterprise Management Consulting Partnership (Limited Partnership), Shanghai Qipeng Venture Capital Center (Limited Partnership), CW Auto Limited, Envision Energy Overseas Capital Co., Ltd., Jiaxing Yuema Tongce Investment Partnership (Limited Partnership), Lighthouse Venture International, Inc., SIG China Investments Master Fund IV, LLLP, Lighthouse MW Limited, Ningbo Free Trade Zone Yunxin Investment Management Partnership (Limited Partnership), Fuzhou Ameba Hongtian Venture Capital Partnership (L.P.), Tencent Mobility Limited, Shanghai Yuqin Enterprise Management Consulting Partnership (Limited Partnership), Cedarmin Capital Limited, Shanghai Huimaheyuan Enterprise Management Partnership (Limited Partnership), Ningbo Meishan Free Trade Port Dinghuijiayi Equity Investment Partnership (L.P.), Tianjin Shuishiyuanyi Enterprise Management Consulting Center (Limited Partnership), Linear Venture HK Limited, Zibo Shengshi No.9 Venture Capital Partnership (Limited Partnership), Qingdao Yingke Huafu Venture

Capital Partnership (Limited Partnership), Shanghai Jiali Private Investment Fund Partnership (Limited Partnership), Orion HK Investment Limited, MWLCLP III Holdings Ltd., Central SOEs Industrial Investment Fund for Rural Area Co., Ltd., Step Ahead International Limited, Pacific Legend Group Limited, Guangzhou Nansha Xinde Houwei Venture Capital Fund Partnership (Limited Partnership), August State Investments Ltd, the Pitaksit Family, Full Kingdom Limited, Suzhou Qianhai Ark Wisdom Technology Industry Investment Management Partnership (Limited Partnership), Cosmos Inc., Lucky Palace Investments Limited, Danvin Limited, Ruby Charm Investment Limited, Goldrank Limited, Vivaldi International Limited, Ace Season Investments Limited, Cheng Kar Shing, Yeung Chun Kwong, Au Wing Wah, He Zong Jian, Growth Vanguard Fund SPC, Lam How Mun, Sensor Hightech (HK) Company, Cheng Hey Man, Aquamontis Holdings Limited, Blackgate EV Holding Limited, Cheung Yeuk Kam, Zhong Xi Hua, Cedarlake Private Equity USD Fund I, LP, Juanfen Sun, Golden Bull Fund Management Limited, Golden Bull Fund II Limited, each holding less than 5% of share capital in the Vendor and independent with each other, save as (i) Golden Bull Fund Management Limited and Golden Bull Fund II Limited are both ultimately beneficially owned by Haibo Yu; (ii) Ningbo Meishan Free Trade Port Dinghuijiayi Equity Investment Partnership (L.P.) and Shanghai Huimaheyuan Enterprise Management Partnership (Limited Partnership) are both ultimately beneficially owned by Dong Li (黎冬); and (iii) Qingdao Yingke Huafu Venture Capital Partnership (Limited Partnership), Shanghai Jiali Private Investment Fund Partnership (Limited Partnership) and Zibo Shengshi No.9 Venture Capital Partnership (Limited Partnership) are all ultimately beneficially owned by Mingfei Qian (錢明飛). Each of Haibo Yu, Dong Li (黎冬) and Mingfei Qian (錢明飛) holds less than 5% of the total issued share capital of the Vendor through their controlled entities.

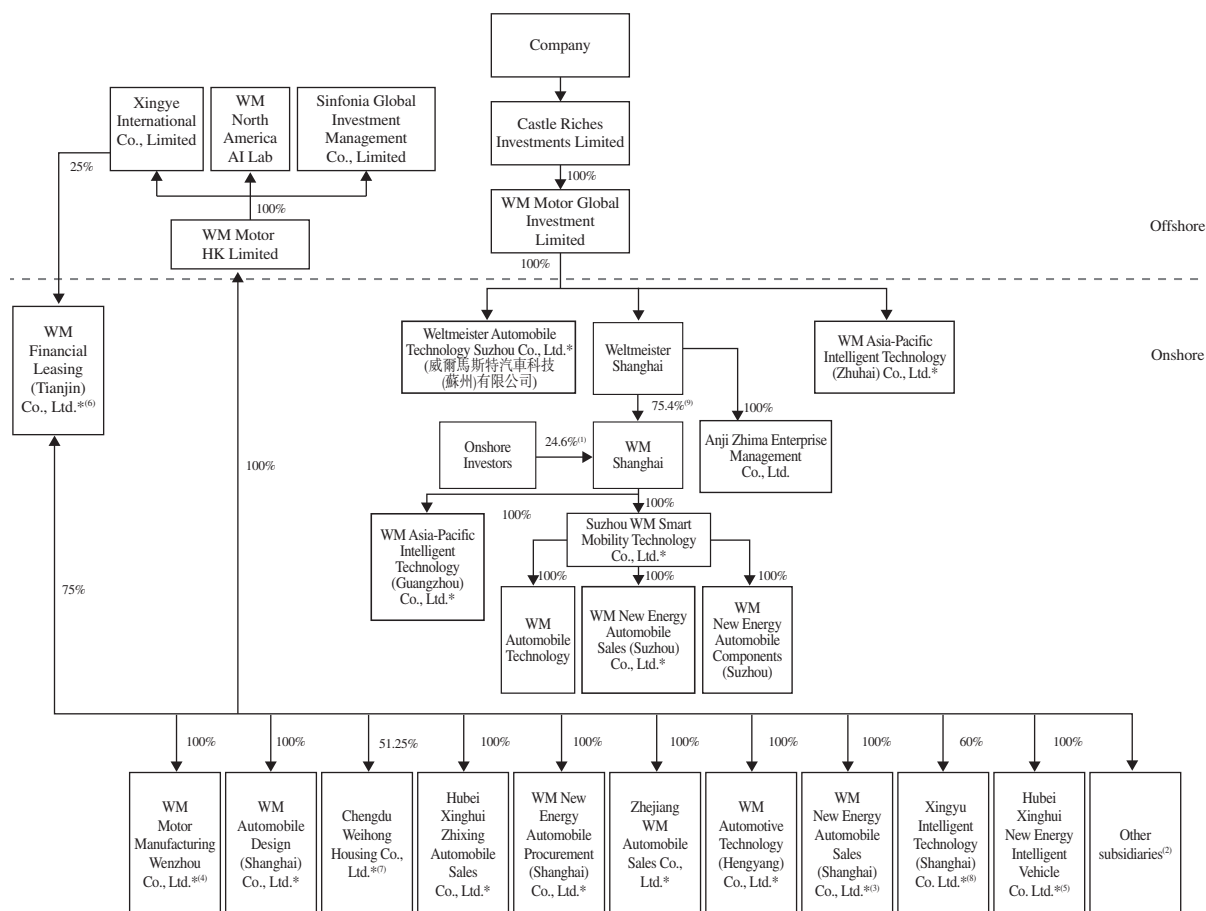
- (3) This represents the aggregate of 24.58% of equity interests held by Shanghai Automotive Industry (Group) Co., Ltd. (formerly known as Shanghai Automotive Industry (Group) Corporation), Hengyang Hongxin Investment Co., Ltd., Hengyang Hongwei Industrial Investment Partnership (Limited Partnership), Kunshan Chuangwei New Energy Industry Investment Fund Partnership (Limited Partnership), Hubei Changjiang (Huanggang) Equity Investment Fund Partnership (Limited Partnership), Hefei Industrial Investment Guidance Fund Co., Ltd., Hefei Beicheng Capital Management Co., Ltd., Shanghai Yangpu Menghang Venture Capital Center (Limited Partnership), Puyue Hongsheng (Shanghai) Venture Capital Center (Limited Partnership), Shanghai Qingpu Investment Co., Ltd. and Zibo Yingke Jiyun Venture Capital Partnership (Limited Partnership), in WM Shanghai, respectively.
- (4) Other wholly-owned subsidiaries include WM Automotive Intelligent Technology (Anhui) Co., Ltd.\* (威馬智能汽車科技(安徽)有限公司) and WM Zhongde Automotive Technology Chengdu Co., Ltd.\* (威馬中德汽車科技成都有限公司).



- (5) Other WM New Energy Automobile Sales (Shanghai) Co., Ltd.\* (威馬新能源汽車銷售(上海)有限公司) subsidiaries, all of which are directly or indirectly wholly owned by WM New Energy Automobile Sales (Shanghai) Co., Ltd.\* (威馬新能源汽車銷售(上海)有限公司), include the following: WM New Energy Automobile Sales (Guangzhou) Co., Ltd.\* (威馬新能源汽車銷售(廣州)有限公司), WM New Energy Automobile Sales (Haikou) Co., Ltd.\* (威馬新能源汽車銷售(海口)有限公司), Changsha WM New Energy Automobile Sales Co., Ltd.\* (長沙威馬新能源汽車銷售有限公司), Hefei WM New Energy Automobile Sales Co., Ltd.\* (合肥威馬新能源汽車銷售有限公司), Sichuan WM New Energy Automobile Sales Co., Ltd.\* (四川威馬新能源汽車銷售有限公司), Shanxi WM New Energy Automobile Sales Co., Ltd.\* (山西威馬新能源汽車銷售有限公司), and Foshan WM New Energy Automobile Sales Co., Ltd.\* (佛山威馬新能源汽車銷售有限公司).
- (6) Other WM Motor Manufacturing Wenzhou Co., Ltd.\* (威馬汽車製造溫州有限公司) subsidiaries, all of which are directly wholly owned by WM Motor Manufacturing Wenzhou Co., Ltd.\* (威馬汽車製造溫州有限公司), include the following: Weltmeister New Energy Automobile Components (Wenzhou) Co., Ltd.\* (威爾馬斯特新能源汽車零部件(溫州)有限公司), WM New Energy Automobile Sales (Wenzhou) Co., Ltd.\* (威馬新能源汽車銷售(溫州)有限公司), WM New Energy Automobile Sales (Shenzhen) Co., Ltd.\* (威馬新能源汽車銷售(深圳)有限公司), WM Automobile Technology Wenzhou Co., Ltd.\* (威馬汽車科技溫州有限公司), WM Zhilian Technology (Beijing) Co., Ltd.\* (威馬智聯科技(北京)有限公司), and Huima Heyuan New Energy Automobile Sales (Xiamen) Co., Ltd.\* (暉馬合遠新能源汽車銷售(廈門)有限公司).
- (7) Other Hubei Xinghui New Energy Intelligent Vehicle Co., Ltd.\* (湖北星暉新能源智能汽車有限公司) subsidiaries, all of which are directly or indirectly wholly owned by Hubei Xinghui New Energy Intelligent Vehicle Co., Ltd.\* (湖北星暉新能源智能汽車有限公司), include the following: Huima China-Europe Automobile Technology (Chengdu) Co., Ltd.\* (暉馬中歐汽車科技成都有限公司), Dalian Xinminya Intelligent Technology Co., Ltd.\* (大連新敏雅智能技術有限公司), Chengdu Weizhentian Automobile Technology Co., Ltd.\* (成都威震天汽車科技有限公司), and Dalian Huanghai Automobile Co., Ltd.\* (大連黃海汽車有限公司).
- (8) The Vendor has established Thoth Team Limited (i.e., the ESOP Platform) to hold shares to be subscribed by the grantees pursuant to the exercise of the share options granted under the Pre-IPO Share Option Scheme in June 2022. An aggregate of 449,234,705 class A ordinary shares of the Vendor have been allotted and issued to the ESOP Platform in June 2022.
- (9) WM Financial Leasing (Tianjin) Co., Ltd., an onshore subsidiary of the Acquisition Target Group, is 75% held by WM Automobile Technology and 25% held by Xingye International Co., Limited.
- (10) Timeless Hero Limited is a company incorporated in the British Virgin Islands and is wholly owned by Freeman Schenk Limited. The entire interest in Freeman Schenk Limited is held by a trust that was established by Mr. Shen (as the settlor) for the benefit of Mr. Shen and his family.

- (11) Enzo Turbo Limited is a company incorporated in the British Virgin Islands and wholly owned by Ms. Wang Lei, being the spouse of Mr. Shen.
- (12) Best Model International Limited, a limited liability company incorporated under the laws of the British Virgin Islands, is wholly owned by Mr. Shen.
- (13) Chengdu Weihong Housing Co., Ltd.\* (成都威鴻置業有限公司) is owned as to 51.25% by WM Automobile Technology and 48.75% Chengdu Runkuan Real Estate Development Co., Ltd.\* (成都潤寬房地產開發有限公司), an independent third party of the Acquisition Target Group.
- (14) Xingyu Intelligent Technology (Shanghai) Co., Ltd.\* (星郁智能科技(上海)有限公司) is owned as to 60% by WM Automobile Technology and 40% by Yuyou Asset Management Co., Ltd.\* (鬱佑資產管理有限公司), an independent third party of the Acquisition Target Group.
- (15) On April 20, 2022, the shareholders of WM Shanghai approved the resolutions to increase the registered capital in WM Shanghai from RMB689,149,813 to RMB888,210,382. The increased shares in number of 199,060,569 are all subscribed by Weltmeister Shanghai. WM Shanghai is still in the process of completing regulatory filings. Upon completion of the regulatory filing with respect to the increase in registered capital, WM Shanghai will be held 80.9% by Weltmeister Shanghai and 19.1% by the Onshore Investors.
- (16) The beneficiaries Chen's Family Trust are Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam.

(b) The following diagram sets out the shareholding structure of the Enlarged Group immediately following Acquisition Completion (i.e. immediately after the issue of the Consideration Shares, assuming the Share Options have not been exercised, the Existing CBs have not been converted into Shares and there is no other change in the entire issued share capital of the Company from the date of this announcement to the date of Acquisition Completion):



\* for identification purpose only.

Notes:

- (1) This represents the aggregate of 24.58% of equity interests held by Shanghai Automotive Industry (Group) Co., Ltd. (formerly known as Shanghai Automotive Industry (Group) Corporation), Hengyang Hongxin Investment Co., Ltd., Hengyang Hongwei Industrial Investment Partnership (Limited Partnership), Kunshan Chuangwei New Energy Industry Investment Fund Partnership (Limited Partnership), Hubei Changjiang (Huanggang) Equity Investment Fund Partnership (Limited Partnership), Hefei Industrial Investment Guidance Fund Co., Ltd., Hefei Beicheng Capital Management Co., Ltd., Shanghai Yangpu Menghang Venture Capital Center (Limited Partnership), Puyue Hongsheng (Shanghai) Venture Capital

Center (Limited Partnership), Shanghai Qingpu Investment Co., Ltd. and Zibo Yingke Jiyun Venture Capital Partnership (Limited Partnership), in WM Shanghai respectively.

- (2) Other wholly-owned subsidiaries include WM Automotive Intelligent Technology (Anhui) Co., Ltd.\* (威馬智能汽車科技(安徽)有限公司) and WM Zhongde Automotive Technology Chengdu Co., Ltd.\* (威馬中德汽車科技成都有限公司).
- (3) Other WM New Energy Automobile Sales (Shanghai) Co., Ltd.\* (威馬新能源汽車銷售(上海)有限公司) subsidiaries, all of which are directly or indirectly wholly owned by WM New Energy Automobile Sales (Shanghai) Co., Ltd.\* (威馬新能源汽車銷售(上海)有限公司), include the following: WM New Energy Automobile Sales (Guangzhou) Co., Ltd.\* (威馬新能源汽車銷售(廣州)有限公司), WM New Energy Automobile Sales (Haikou) Co., Ltd.\* (威馬新能源汽車銷售(海口)有限公司), Changsha WM New Energy Automobile Sales Co., Ltd.\* (長沙威馬新能源汽車銷售有限公司), Hefei WM New Energy Automobile Sales Co., Ltd.\* (合肥威馬新能源汽車銷售有限公司), Sichuan WM New Energy Automobile Sales Co., Ltd.\* (四川威馬新能源汽車銷售有限公司), Shanxi WM New Energy Automobile Sales Co., Ltd.\* (山西威馬新能源汽車銷售有限公司), and Foshan WM New Energy Automobile Sales Co., Ltd.\* (佛山威馬新能源汽車銷售有限公司).
- (4) Other WM Motor Manufacturing Wenzhou Co., Ltd.\* (威馬汽車製造溫州有限公司) subsidiaries, all of which are directly wholly owned by WM Motor Manufacturing Wenzhou Co., Ltd.\* (威馬汽車製造溫州有限公司), include the following: Weltmeister New Energy Automobile Components (Wenzhou) Co., Ltd.\* (威爾馬斯特新能源汽車零部件(溫州)有限公司), WM New Energy Automobile Sales (Wenzhou) Co., Ltd.\* (威馬新能源汽車銷售(溫州)有限公司), WM New Energy Automobile Sales (Shenzhen) Co., Ltd.\* (威馬新能源汽車銷售(深圳)有限公司), WM Automobile Technology Wenzhou Co., Ltd.\* (威馬汽車科技溫州有限公司), WM Zhilian Technology (Beijing) Co., Ltd.\* (威馬智聯科技(北京)有限公司), and Huima Heyuan New Energy Automobile Sales (Xiamen) Co., Ltd.\* (暉馬合遠新能源汽車銷售(廈門)有限公司).
- (5) Other Hubei Xinghui New Energy Intelligent Vehicle Co., Ltd.\* (湖北星暉新能源智能汽車有限公司) subsidiaries, all of which are directly or indirectly wholly owned by Hubei Xinghui New Energy Intelligent Vehicle Co., Ltd.\* (湖北星暉新能源智能汽車有限公司), include the following: Huima China-Europe Automobile Technology (Chengdu) Co., Ltd.\* (暉馬中歐汽車科技成都有限公司), Dalian Xinminya Intelligent Technology Co., Ltd.\* (大連新敏雅智能技術有限公司), Chengdu Weizhentian Automobile Technology Co., Ltd.\* (成都威震天汽車科技有限公司), and Dalian Huanghai Automobile Co., Ltd.\* (大連黃海汽車有限公司).

- (6) WM Financial Leasing (Tianjin) Co., Ltd., an onshore subsidiary of the Acquisition Target Group, is 75% held by WM Automobile Technology and 25% held by Xingye International Co., Limited.
- (7) Chengdu Weihong Housing Co., Ltd.\* (成都威鴻置業有限公司) is owned as to 51.25% by WM Automobile Technology and 48.75% Chengdu Runkuan Real Estate Development Co., Ltd.\* (成都潤寬房地產開發有限公司), an independent third party of the Acquisition Target Group.
- (8) Xingyu Intelligent Technology (Shanghai) Co., Ltd.\* (星郁智能科技(上海)有限公司) is owned as to 60% by WM Automobile Technology and 40% by Yuyou Asset Management Co., Ltd.\* (鬱佑資產管理有限公司), an independent third party of the Acquisition Target Group.
- (9) On April 20, 2022, the shareholders of WM Shanghai approved the resolutions to increase the registered capital in WM Shanghai from RMB689,149,813 to RMB888,210,382. The increased shares in number of 199,060,569 are all subscribed by Weltmeister Shanghai. WM Shanghai is still in the process of completing regulatory filings. Upon completion of the regulatory filing with respect to the increase in registered capital, WM Shanghai will be held 80.9% by Weltmeister Shanghai and 19.1% by the Onshore Investors.

### Financial information of the Acquisition Target Group

Set out below is extract of financials based on the consolidated financial information of the Acquisition Target Group for the two years ended December 31, 2021, which is prepared in accordance with Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards:

	<b>Year ended December 31, 2020</b>	<b>Year ended December 31, 2021</b>
	(unaudited)	(unaudited)
	<i>(RMB million)</i>	<i>(RMB million)</i>
Adjusted loss before taxation*	4,257	5,344
Adjusted loss after taxation*	4,257	5,344

\* *excluding share-based payment expenses and interest expenses on financial instruments with preferred rights at amortized cost.*

To supplement the consolidated statements of comprehensive loss of the Acquisition Target Group, which are presented in accordance with HKFRSs, the Acquisition Target Group used adjusted net loss, a non-HKFRS financial measure. The Acquisition Target Group presented adjusted net loss because it was used by their management to evaluate operating performance. The Acquisition Target Group also believes that adjusted net loss provides useful information to investors as well as others to understand and evaluate their consolidated results of operations in the same manner as the management of the Acquisition Target Group and in comparing financial results across accounting periods. The Acquisition Target Group excluded share-based payment expenses, interest expenses on financial instruments with preferred rights at amortized cost, and share-based payment to Series C+ onshore investors in calculating adjusted net loss, because they are not expected to result in future cash payments and/or are not indicative of operating results of the Acquisition Target Group. These items have caused volatility in the periodic earnings of the Acquisition Target Group and have little analytical or predictive value.

As at December 31, 2021, the unaudited consolidated net liability value of the Acquisition Target Group was approximately RMB752 million (excluding financial instruments with preferred rights at amortized cost).

Pursuant to Rules 14.58(6) and (7) of the Listing Rules, the Company is required to disclose the above financial information relating to the Acquisition Target Group in this announcement. Pursuant to Rule 10 of the Takeovers Code, the above unaudited financial information relating to the Acquisition Target Group is required to be reported on by the financial advisers and auditors (the “**Reports**”). However, due to the practical difficulties of including the Reports in this announcement in terms of the additional time required for the preparation of the Reports by the financial advisers and the auditors, the financial information relating to the Acquisition Target Group is not strictly in compliance with the requirements of Rule 10 of the Takeovers Code. The Reports in accordance with Rule 10 of the Takeovers Code will be issued in the document to be sent to the Shareholders prior to the despatch of the Circular. A full set of the audited financial information relating to the Acquisition Target Group covering the three years ended December 31, 2022, prepared and reported upon by the reporting accountants under Hong Kong Financial Reporting Standards and in full compliance with the requirements under Rule 10 of the Takeovers Code and under Chapter 4 of the Listing Rules,

will be included in the Circular to be despatched by the Company to the Shareholders. Shareholders should note that there may be differences between the unaudited financial information relating to the Acquisition Target Group as presented in this announcement and the audited financial information to be presented in the Circular (as defined below) to be issued by the Company to the Shareholders.

**The Company would like to draw to the attention of the Shareholders and potential investors that the above unaudited financial information in relation to the Acquisition Target Group does not meet the standard required by Rule 10 of the Takeovers Code and is subject to review by the reporting accountants of the Acquisition Target Company and therefore subject to changes. Shareholders and potential investors should exercise caution in placing reliance on the above information in assessing the merits and demerits of the Acquisition and Whitewash Waiver and any other transactions disclosed in this announcement.**

In October 2015, Mr. Shen acquired all equity interests in WM Automobile Technology, one of the investing holding entities of the Acquisition Target Group in the PRC, through Hangzhou Amiba Huihan Venture Capital Partnership (Limited Partnership) (formerly known as Suzhou Weima Investment Management Partnership (General Partnership)\* (蘇州威馬投資管理合夥企業(普通合夥)) from Mr. Du Ligang (杜立剛), one of the executive directors of the Acquisition Target Company, and Mr. Wang Haizhen (王海貞), an Independent Third Party, with a total consideration of RMB247,734,430. Since then, the Acquisition Target Group commenced business operations.

### **Previous listing application in relation to the Acquisition Target Group**

The Vendor has previously filed the listing application to the Stock Exchange on May 31, 2022, which has already lapsed on November 30, 2022. During the course of vetting of the application by the Stock Exchange, several queries concerning the business and financial performance of the Acquisition Target Group were raised. The Acquisition Target Group is in the course of addressing such outstanding queries which are expected to be resolved prior to the Acquisition Completion. Any material information in relation to such queries will be appropriately disclosed in the Circular.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

It is expected that the Acquisition to be in the interests of the Company and the Shareholders as a whole for the following reasons:

- (i) the Group has been continuing to transform into and build up its position as a leading mobility services provider by unveiling to the market its next generation concepts and achievements in technology research and development. In view of the challenging market conditions and in order to ensure the continuous business growth and expansion of the Group, the Board discussed and agreed to embark on seeking the possibility of seizing suitable opportunities in the EV business that are closely related to the Company's latest strategic priorities, i.e., the potential new business. To the best knowledge of the Board, most of the comparable companies engaged in the similar business of the Acquisition Target Group in the PRC are non-profitable, but the long term prospects of this industry continues to be positive. The Board further studied the viability regarding the investment, development, promotion or collaboration in, amongst others, the potential new business market, with a view to diversifying the Group's source of income, increasing the Group's customer base, generating additional income and in return, bringing reasonable returns to the Shareholders. The Board also reviewed the price-to-sales ratios of four companies listed in EV industry of PRC in Hong Kong. For the details of price-to-sales ratio, market comparables and selection criteria of the Acquisition Target Company, please refer to the paragraph headed "THE ACQUISITION AGREEMENT — Basis of determination of the Acquisition Consideration" of this announcement. Through the Acquisition, the Company can acquire and immediately tap into the well-established businesses of the Acquisition Target Group in the PRC as the Acquisition Target Group ranked No.1 in sales volume of electric SUVs in 2021 among all pure-play EV automakers in China's mainstream market, and ranked third in terms of both sales volume of EVs and sales volume of smart EVs in 2021 among all domestic automakers in China's mainstream market, according to the CIC Report;



- (ii) the Acquisition Target Group experienced strong growth in EV sales volume by leveraging its leading technologies and high operational efficiency and had cumulatively sold 100,024 EVs as of June 30, 2022 since the launch of the first model in September 2018. During the three years ended 2019, 2020 and 2021, the EV sales volume of the Acquisition Target Group increased substantially, from 12,799 units in 2019 to 21,937 units in 2020 and 44,152 units in 2021. The Acquisition Target Group also sold 16,529 EVs in the six months ended June 30, 2022, up from 15,661 EVs in the same period of 2021. The total revenue of the Acquisition Target Group has grown rapidly — by 51.6% from RMB1,762.1 million in 2019 to RMB2,671.7 million in 2020 and further by 77.5% from 2020 to RMB4,742.5 million in 2021. In addition, the Acquisition Target Group’s total revenue grew from RMB1,524.4 million in the six month ended June 30, 2021 to RMB1,853.6 million in the same period of 2022. Integrating a strong and mature EV production platform into the Group’s operation will boost the Group’s strategy in fulfilling its mission to maximize luxury lifestyle experiences on the move through connected technology and new EV offerings by leveraging on the mature manufacturing and distribution network of the Acquisition Target Group;
- (iii) the two manufacturing facilities of the Acquisition Target Group hold requisite manufacturing licenses, which are rare in the market and provide the Acquisition Target Group with a significant competitive edge, with a maximum annual production capacity of 250,000 units of vehicles, which is the largest among all domestic pure-play EV automakers in China. The Acquisition Target Group has built proprietary modularized vehicle development platforms and been continuously upgrading of the modularized vehicle development platforms in order to quickly incorporate the latest technological advancements and introduce new EV models with high speed-to-market. The development potential of the Acquisition Target Group is anticipated to realize the immense synergistic potential within the Enlarged Group;
- (iv) the Acquisition Target Group had filed listing application on May 31, 2022, which lapsed on November 30, 2022. However, the intention of the Vendor to ensure the Acquisition Target Group obtain listing status presents an opportunity to the Company to acquire the Acquisition Target Company which is expected to realize synergistic benefits for the Enlarged Group, details of which are disclosed in the paragraph headed “INFORMATION ON THE ACQUISITION TARGET GROUP — Sufficient cash flow and business sustainability” of this announcement;

- (v) the Acquisition, combined with the Group's accumulated experience in the sales and distribution of the Apollo brand in the high-end automobile market over the years and in-house proprietary technology, would be mutually beneficial whereby the Group expects to see further development accelerating with a more comprehensive product range highlighted by a line of luxury smart EV models to be launched both in China and globally using a targeted global marketing and distribution network that is innovative and customer-oriented which the Acquisition Target Group could tap into;
- (vi) the Enlarged Group's operations would benefit from an immediate boost whereby the Acquisition Target Group will be able to further tap the EV design, advanced engineering expertise proprietary technologies of the Company for development of new EV models while corresponding access to the Acquisition Target Group's manufacturing facilities and distribution networks will facilitate the ramp up of Company's EV business in China and complement the built up of its manufacturing platform through its joint venture with Shanghai Alliance Investment which was recently funded as announced on 17 October 2022;
- (vii) further enhancing the Group's strategic cooperation with the Acquisition Target Group which begun since October 2021, and the parent company of the Acquisition Target Company then became a substantial shareholder of the Group. A number of senior executives who are experienced in the automotive industry have already been introduced to both the Board level and the senior management level and such executives are senior professionals in the automotive or finance industry with rich experience in global traditional automotive OEMs and the emerging NEV players in China. The Acquisition funded by further Shares to be issued to the parent of the Acquisition Target Company will turn such streamlined cooperation with the Acquisition Target Group into intra-group level through which both the Group and the Acquisition Target Group will get benefited; and
- (viii) the purpose of the Interim Financing and the Committed Standing Facilities are for the Vendor to supplement the operational requirements of the Acquisition Target Group pending completion of the Acquisition, upon which the Target Company will form part of the Enlarged Group. Repayment of part of the Interim Financing and the Committed Standing Facilities from net proceeds of fresh issuance from the Placing upon the completion of the Acquisition would form part of the ongoing financial management of the Enlarged Group and there will be no usage of the current internal cash reserves of the Group.

Based on the above, the Board is of the view that the Acquisition presents an excellent opportunity for the Group to expand and consolidate its business portfolio to include and participate in the EV business in the PRC with a view to forming a solid foundation for the Group to further enhance returns to the Shareholders.

### **Intention in respect of the Group's and the Acquisition Target Group's businesses**

To implement the aforesaid business blueprint in the years to come, the Company intends to continue to operate the smart EV business of the Acquisition Target Group. Pooling together the collective experience of the Group's and the Acquisition Target Group's senior management in various key areas such as customers, product solutions, supply chain management, administration, information technology, human resources, social media and marketing, the Company intends to reinforced its position in the market as one of the leading mobility technology solutions providers and persisted in developing its proprietary future mobility technologies.

In consideration of the above, the Directors (excluding all the independent non-executive Directors, who will give their opinion based on the recommendation from the Independent Financial Adviser) are of the view that the terms of the Acquisition Agreement, which have been agreed after arm's length negotiations, are on normal commercial terms and such terms are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

As Mr. Shen is considered to have material interests in the Acquisition and the issue of the Consideration Shares, accordingly he has abstained from voting from the relevant resolutions of the Board. Mr. Joseph Lee has a minority financial investment in the Vendor and accordingly he has abstained from voting on the relevant resolutions of the Board. Other than Mr. Shen and Mr. Joseph Lee, none of the other Directors (i) has any shareholding interest in the Vendor, or (ii) has any interest in the Acquisition Agreement and the transactions contemplated thereunder and was required to abstain from voting from the relevant resolutions of the Board.

## **PROPOSED PLACING OF THE PLACING SHARES**

The Company will require substantial increase of cash reserve for the expanded operations of the Enlarged Group. The Company proposes to carry out the Placing pursuant to which the Placing Agent (who and whose ultimate beneficial owners will be Independent Third Parties) will place up to 7,123,363,636 Placing Shares at the Placing Price of not less than HK\$0.55 per Placing Share to not less than six independent Placees. It is expected that the principal terms of the Placing are as disclosed below.

### **Placing Agent**

It is expected that the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties. The Company will engage the Placing Agents and negotiate and finalize the terms under the placing agreements with at least several potential investors in respect of the Placing.

### **Placees**

It is expected that the Placing Shares will be placed on a best effort basis to not less than six independent professional, institutional and/or individual investors. The Placee will not become a substantial shareholder of the Company as a result of the Placing. Each of the Placees is or will be (as the case may be) an Independent Third Party and not an existing Shareholder.

### **Placing Shares**

The Company intends to place up to 7,123,363,636 Placing Shares, which will be issued under the Specific Mandate which is subject to Independent Shareholders' approval at the EGM.

The Placing Shares represent:

- (i) approximately 74.10% of the entire share capital of the Company as at the date of this announcement;
- (ii) approximately 42.56% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming the Share Options have not been exercised and the Existing CBs have not been converted into Shares and there is no other change in the entire issued share capital of the Company from the date of this announcement to the date of Placing Completion);

- (iii) approximately 15.63% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares and the Consideration Shares (assuming that the Share Options have not been exercised and the Existing CBs have not been converted into Shares and there is no other change in the entire issued share capital of the Company from the date of this announcement to the date of Acquisition Completion and Placing Completion); and
- (iv) approximately 15.37% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares, the Consideration Shares, the Existing CB Conversion Shares, and the Shares from the full exercise of the Share Options (assuming that there is no other change in the issued share capital of the Company from the date of this announcement to the date of Acquisition Completion and Placing Completion).

The Directors have considered the alternative fund-raising methods such as bank borrowings and rights issue/open offer, however, taking into account:

- (i) bank loans and/or other borrowings with interest rate will inevitably increase the interest costs burden and adversely affect the debt position of the Group;
- (ii) given the Company is currently undergoing the process of restructuring its business operations, fundraising by rights issue or open offer on a fully underwritten basis, which require the underwriter to lock-up financial resources for its underwriting commitment until completion of the rights issue or open offer, is generally not attractive to typical market intermediaries under such conditions;
- (iii) an open offer on a non-fully underwritten basis is required to meet the minimum amount of funds raised thereby being subject to the possibility that no funds could be raised from such open offer to multiple existing investors who may or may not share the same interest as strategic Placees if such minimum amount is not met. As such, the Company considers the Placing to strategic investors involving less uncertainties than an open offer on a non-fully underwritten basis; and

- (iv) the Placing would enable the Company to broaden its shareholder base as their respective Placees are Independent Third Parties and independent to the Vendor and its ultimate beneficial owners, the Directors (excluding the independent non-executive Directors who will provide their view in the Circular after considering the advice from the Independent Financial Adviser) are of the view the Placing is in the interests of the Company and the Shareholders as a whole.

### **Placing Price**

The Placing Price shall be not less than HK\$0.55 per Placing Share. The low-end of the Placing Price of HK\$0.55 represents:

- (a) a premium of approximately 115.69% to the closing price of HK\$0.26 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 126.90% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.24 per Share;
- (c) a premium of approximately 128.79% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day of approximately HK\$0.24 per Share;
- (d) a premium of approximately 117.16% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.25 per Share;
- (e) a premium of approximately 117.34% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.25 per Share;
- (f) a premium of approximately 88.55% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 180 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.29 per Share;
- (g) a premium of approximately 20.63% to the audited net asset value attributable to owners of the Company of HK\$0.46 per Share as at September 30, 2021; and

- (h) a premium of approximately 35.44% to the unaudited net asset value attributable to owners of the Company of HK\$0.41 per Share as at September 30, 2022.

The theoretical diluted price, the benchmarked price and the theoretical dilution effect (as those terms are defined under Rule 7.27B of the Listing Rules) for the Placing under the Specific Mandate (assuming that the Placing Price is at the low end of HK\$0.55) are approximately HK\$0.38 per Share, HK\$0.26 per Share (the closing price of the date of this announcement) and a premium of approximately 49.24%, respectively.

During the 12-month period immediately preceding the date of this announcement, the Company has not undertaken any rights issue, open offer or placing under Specific Mandate.

### **Conditions**

Placing Completion is conditional upon:

- (i) the Independent Shareholders having passed resolution at the EGM approving the Placing Agreement and the relevant Specific Mandate and the transactions contemplated thereunder in accordance with the Listing Rules;
- (ii) the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares and such approval not having been revoked or cancelled prior to the Placing Completion;
- (iii) the Placing Shares being placed to independent investors only and not to any existing Shareholders, and no Placee becoming a substantial shareholder of the Company as a result of the Placing; and
- (iv) the Company having entered into the Acquisition Agreement, of which the conditions precedent of such agreement are all satisfied, or waived (if applicable) (other than the fulfilment of any condition in such agreement requiring the fulfilment of the conditions precedent of the Placing Agreement).

The Company shall use its reasonable endeavours to procure that conditions set out above are satisfied by 5:00 p.m. on or before the Long Stop Date. None of the conditions above may be waived by any party in any event.

If any of the abovementioned conditions is not fulfilled on or before the Long Stop Date, then unless the Company and the Placing Agent mutually agree to further extend the Long Stop Date to such later time and date, the Placing

Agreement shall lapse and become null and void and the parties shall be released from all obligations thereunder save for liabilities for any antecedent breaches thereof. In the event that the Long Stop Date applicable to the Placing Agreement is extended, the Company will seek approval by the Independent Shareholders in accordance with the requirements of the Listing Rules.

The Acquisition Completion and the Placing Completion are inter-conditional. Please refer to the paragraph headed “THE ACQUISITION AGREEMENT — Conditions Precedent of the Acquisition” of this announcement for further details of the Acquisition Completion. The repayment of part of the Interim Financing is also conditional upon the Acquisition Completion and the Placing Completion.

### **Placing Completion**

Placing Completion shall take place within 5 Business Days after the day on which the last condition of the Placing Agreement is fulfilled or such other date as the parties may agree in writing.

The placing period will be commencing from the date of Placing Agreement to the Long Stop Date of the Placing Agreement, which is the same day as the Long Stop Date of the Acquisition Agreement, as the Acquisition Completion and the Placing Completion are inter-conditional and will be completed simultaneously. Depending on the response of the Placing and the progress of the Acquisition, the Company will consider whether to extend the placing period. The issue of the Consideration Shares and the Placing Shares will be completed simultaneously.

### **Listing**

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

### **Ranking**

The Placing Shares, when issued and fully paid, will rank *pari passu* amongst themselves and with all the other Shares in issue at the time of allotment and issue of the Placing Shares.

### **Termination**

It is expected that the Placing Agreement in accordance with the above terms will be executed prior to the despatch of the Circular and details of the Placing Agreement will be set out in the Circular. Further announcement(s) will be made when the Placing Agreement is executed.



## **Public Float**

If the Stock Exchange believes that a false market exists or may exist in the trading of the Shares or there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares until appropriate steps have been taken to restore the minimum percentage of the Shares in public hands. In such circumstances, the Company and the Vendor will take appropriate steps to restore the sufficient public float of the Shares after the Acquisition Completion.

## **USE OF PROCEEDS TO BE RAISED FROM THE PLACING AND REASONS FOR THE PLACING**

The gross proceeds from the Placing would amount to approximately HK\$3,917.85 million and the net proceeds from the Placing are estimated to be approximately HK\$3,526.06 million. The Company intends to apply the net proceeds after deducting professional fees and all related expenses from the Placing as follows:

- (i) approximately 20% of the net proceeds, or approximately HK\$705.21 million, for repayment of part of the Interim Financing and other then existing borrowings. However, if the Vendor or the Acquisition Target Group decides not to draw down from the Interim Financing and the Committed Standing Facilities, this part of the net proceeds will be deployed in the supply chain of the Enlarged Group for the following purposes: (a) prepayment or deposit for securing production capacity of cell suppliers to ensure sufficient supply of battery cells; (b) building reserve funds in anticipation of price increases of chips and ensure the stability of a supply of high-end chips required for autonomous driving technology; and (c) develop a multi-point procurement suppliers network to lessen reliance on any specific supplier to reduce supply risk.

- (ii) approximately 70% of the net proceeds, or approximately HK\$2,468.25 million, for further development of its design, development, manufacturing and sales of high performance hypercars and smart EVs, provision of mobility technology solutions businesses;
- (a) Approximately 30% of the total net proceeds is expected to be used for research and development of the Group's vehicle development platforms and the Group's next-generation smart EVs, including the R&D and upgrading of the Group's modularized vehicle development platforms (including the Group's Living Pilot AD/ADAS platform, Living Engine and next-generation smart cockpit platforms, Living Motion e-powertrain platform and the Group's Ajax and Caesar chassis platforms) and R&D in OTA technologies. The development and upgrading of these vehicle development platforms are expected to further enhance the efficiency and cost-effectiveness of the Group's new vehicle model development and hence further increase the Group's speed-to-the-market;
- (b) Approximately 10% of the total net proceeds is expected to be used for developing and expanding the Group's product portfolio, including launching and mass producing new vehicle models and upgrading the Group's existing vehicle models. The Group generally expect to launch one new model each year in the next few years, including new models of SUVs, sedans, and multi-purpose vehicles (MPVs) on the Group's Caesar chassis platform beginning in 2023. In connection with the development of each new model, the Group will invest in optimizing the designs of the Group's new vehicle models to cater to user preferences and features of smart EVs, and follow the Group's systemized vehicle development process, carrying out strategy and technology pre-research, scheme development, engineering development, product validation, and process validation and product quality improvement. In addition, for the Group's development of each new vehicle model, the Group may need to research, procure and integrate certain software and hardware in such model and incur relevant R&D expenditures;

- (c) Approximately 20% of the total net proceeds is expected to be used for expanding the Group's sales and services network and for the Group's branding activities, including the establishment of the Group's directly-operated stores of various types in first to third-tier cities across China beginning in 2023. The Group expect the Group's directly-operated stores to help extend the Group's customer reach and increase the Group's vehicle sales. In particular, the Group plan to equip these stores with the Group's digitalized management systems, recruit sales staff for these stores, provide training to the Group's sales staff to increase customer loyalty and the Group's order conversion, invest in renovation of these stores to deliver a consistent brand image, and gradually increase the proportion of the Group's direct sales. In addition, the Group also plan to conduct marketing activities, such as online and offline marketing and recruiting more sales and marketing talent; and
- (d) Approximately 10% of the total net proceeds is expected to be used for the Group's manufacturing related investments, including purchasing manufacturing tooling for prototypes and mass production of the Group's future vehicle models and continuously upgrading the Group's manufacturing equipment and technological systems.

(iii) approximately 10% of the net proceeds, or approximately HK\$352.61 million, for general working capital purpose of the Enlarged Group.

As part of the internal control measures, the use of proceeds will be closely monitored and reviewed by the Board (including the independent non-executive Directors) and the senior management on a regular basis. The Company is also obliged to make an appropriate announcement and comply with the requirements of the Listing Rules if there is any material change to the above proposed use of proceeds, thereby keeping shareholders informed any of material developments.

## **FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS**

Apart from the fund raising activities mentioned in this announcement (i.e. the proposed issuance of Consideration Shares and Placing Shares), the Company has not conducted any equity fund raising activities in the 12 months immediately preceding the date of this announcement.

## **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

The Board proposes to increase the authorized share capital of the Company from HK\$2,000,000,000 divided into 20,000,000,000 Shares to HK\$20,000,000,000 divided into 200,000,000,000 Shares by the creation of an additional 180,000,000,000 Shares in order to implement the Acquisition and the Placing.

The proposed increase in authorized share capital is subject to the passing of the relevant ordinary resolution by the Shareholders at the EGM.

## **DISTRIBUTION**

In order to satisfy the public float requirement, the Vendor and the Company intend to effect the Distribution upon the Acquisition Completion and the Distribution will be effective simultaneously with the Acquisition Completion. For the avoidance of doubt, the Distribution is not a condition precedent to the Acquisition. The Distribution involves the Vendor distributing the 28,824,919,557 Consideration Shares and the 2,275,545,343 Shares that the Vendor currently holds to all of its shareholders in proportion to their respective shareholdings in the Vendor as at the date of the Acquisition Completion. Among all 92 shareholders of the Vendor, 84<sup>Note 1</sup> shareholders (assuming the three holders of convertible bonds issued by the Vendor, namely Start New Limited, Topgearasia Capital (Cayman) Limited and Asia Union Capital Limited have fully converted their convertible bonds) hold 61.88% shareholding interest in aggregate in the Vendor, with each of them holding a highly fragmented shareholding interest in the Vendor. The Distribution Shares Public Holders comprise (i) entities held by the employees of the Vendor (details of which are set out in note 1 of the shareholding structure chart of the Acquisition Target Group as set out in the paragraph headed “Shareholding Structure of the Acquisition Target Group” of this announcement), (ii) Baidu Holdings Limited, (iii) August State Investment Ltd, (iv) Great Dawn Investments Limited, and (v) other investors of the Vendor (details of which are set out in note 2 of shareholding structure of the Acquisition Target Group). The Shares to be distributed to the Distribution Shares Public Holders

*Note 1:* The Distribution Shares Public Holders have not included entities controlled by Mr. Shen and his spouse, i.e., Ms. Wang Lei (including Timeless Hero Limited, Best Model International Limited, the ESOP Platform and Enzo Turbo Limited), entities held by the directors of the Vendor (including Ellena Limited, Champion Road HHJ Holdings Limited and Rational Rose Holding Limited) and Shanghai Yuncheng Enterprise Management Consulting Partnership (Limited Partnership), an entity which Mr. Joseph Lee is indirectly interested in.

amount to 19,246,465,843 in total, representing 42.24% of Company's shareholding after taking into account of the Consideration Shares and Placing Shares (assuming that all outstanding Share Options have not been exercised and the Existing CBs have not been converted into Shares and there is no other change in the issued share capital of the Company from the date of this announcement to the date of Acquisition Completion and Placing Completion), and as a result, each Distribution Shares Public Holder will not hold more than 5% in the Company upon completion of the Distribution.

To the best knowledge and belief of the Vendor and the Company, save as disclosed in this announcement, the Distribution Shares Public Holders (i) will not be core connected persons of the Company upon Acquisition Completion; (ii) are not accustomed to take instructions from any core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares; and (iii) their acquisition of Shares were not financed directly or indirectly by any core connected persons, the Shares held by them will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the Distribution. Therefore, the Company believes it can satisfy the public float requirement after consummation of the Distribution.

The Distribution and the Placing are not inter-conditional.

## **EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY**

The following shareholding table shows the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the allotment and issue of the Consideration Shares and assuming that the Share Options have not been exercised and the Existing CBs have not been converted into Shares and there is no other change in the issued share capital of the Company from the date of this announcement to the date of Acquisition Completion; (iii) immediately after the allotment and issue of the Consideration Shares and the Distribution (iv) immediately after the allotment and issue of the Consideration Shares and the Placing Shares and the Distribution and assuming that the Share Options have not been exercised, the Existing CBs have not been converted into Shares and there is no other change in the issued share capital of the Company from the date of this announcement to the date of Acquisition Completion and Placing Completion; and (v) immediately after the allotment and issue of the Consideration Shares and the Placing Shares and the Distribution and assuming that all outstanding Share Options are fully exercised and the Existing CBs are fully converted into Shares and there is no other change in the issued share capital of the Company from the date of this announcement to the date of Acquisition Completion and Placing Completion:

Name of Shareholders	Immediately after the allotment and issue of Consideration Shares (assuming that all outstanding Share Options have not been exercised and the Existing CBs have not been converted into Shares and there is no other change in the issued share capital of the Company from the date of this announcement to the date of Acquisition Completion)				After Distribution (assuming Vendor CB Conversion in full)		Immediately after the allotment and issue of Consideration Shares and Placing Shares (assuming that all outstanding Share Options have not been exercised and the Existing CBs have not been converted into Shares and there is no other change in the issued share capital of the Company from the date of this announcement to the date of Acquisition Completion and Placing Completion) and the Distribution (assuming Vendor CB Conversion in full)		Immediately after the allotment and issue of Consideration Shares and Placing Shares (assuming that all outstanding Share Options are fully exercised and the Existing CBs are fully converted into Shares and there is no other change in the issued share capital of the Company from the date of this announcement to the date of Acquisition Completion and Placing Completion) and the Distribution (assuming Vendor CB Conversion in full)	
	As at the date of this announcement		date of this announcement to the date of Acquisition Completion)		Vendor CB Conversion in full)		Distribution (assuming Vendor CB Conversion in full)		Distribution (assuming Vendor CB Conversion in full)	
	Approximate Number of Shares	Approximate percentage of shareholding	Approximate Number of Shares	Approximate percentage of shareholding	Approximate Number of Shares	Approximate percentage of shareholding	Approximate Number of Shares	Approximate percentage of shareholding	Approximate Number of Shares	Approximate percentage of shareholding
<b>Vendor and parties acting in concert with it</b>										
<b>A: Non-public Shareholders</b>										
The Vendor	2,275,545,343	23.67%	31,100,464,900	80.91%	—	—	—	—	—	—
Enzo Turbo Limited (Note 2)	—	—	—	—	960,648,921	2.50%	960,648,921	2.11%	960,648,921	2.07%
Best Model International Limited (Note 3)	—	—	—	—	1,393,881,172	3.63%	1,393,881,172	3.06%	1,393,881,172	3.01%
ESOP Platform (Note 3)	—	—	—	—	1,916,271,405	4.99%	1,916,271,405	4.21%	1,916,271,405	4.13%
Timeless Hero Limited (Note 3)	—	—	—	—	5,179,959,099	13.48%	5,179,959,099	11.37%	5,179,959,099	11.18%
Entities held by the Directors of the Vendor	—	—	—	—	2,402,318,576	6.25%	2,402,318,576	5.27%	2,402,318,576	5.18%
<b>Sub-total</b>	<b>2,275,545,343</b>	<b>23.67%</b>	<b>31,100,464,900</b>	<b>80.91%</b>	<b>11,853,079,173</b>	<b>30.84%</b>	<b>11,853,079,173</b>	<b>26.02%</b>	<b>11,853,079,173</b>	<b>25.58%</b>
<b>B: Public Shareholders*</b>										
Jumbo Eagle Investments Limited (Note 4)	22,112,000	0.23%	22,112,000	0.06%	22,112,000	0.06%	22,112,000	0.05%	22,112,000	0.05%
Ruby Charm Investment Limited (Note 4)	884,220,474	9.20%	884,220,474	2.30%	1,264,947,174	3.29%	1,264,947,174	2.78%	1,264,947,174	2.73%
Mr. Ho King Man, Justin (Note 4)	—	—	—	—	—	—	—	—	50,000,000	0.11%
Vivaldi International Limited (Note 5)	—	—	—	—	91,643,057	0.24%	91,643,057	0.20%	155,461,239	0.34%
Goldrank Limited (Note 6)	—	—	—	—	155,385,196	0.40%	155,385,196	0.34%	155,385,196	0.34%
Able Catch Limited (Note 6)	—	—	—	—	—	—	—	—	63,818,182	0.14%
Entities held by employees of the Vendor	—	—	—	—	1,814,808,129	4.72%	1,814,808,129	3.98%	1,814,808,129	3.92%
Baidu Holdings Limited (Note 7)	—	—	—	—	1,828,678,077	4.76%	1,828,678,077	4.01%	1,828,678,077	3.95%
August State Investments Ltd (Note 8)	—	—	—	—	762,134,528	1.98%	762,134,528	1.67%	762,134,528	1.64%
Great Dawn Investments Limited (Note 8)	—	—	—	—	1,217,371,899	3.17%	1,217,371,899	2.67%	1,217,371,899	2.63%
Other investors of the Vendor	—	—	—	—	12,558,105,532	32.67%	12,558,105,532	27.56%	12,558,105,532	27.10%
Other Vendor CB Holders (assuming Vendor CB Conversion in full)	—	—	—	—	437,612,725	1.14%	437,612,725	0.96%	437,612,725	0.94%
<b>Sub-total</b>	<b>906,332,474</b>	<b>9.43%</b>	<b>906,332,474</b>	<b>2.36%</b>	<b>20,152,798,317</b>	<b>52.43%</b>	<b>20,152,798,317</b>	<b>44.23%</b>	<b>20,330,434,681</b>	<b>43.87%</b>

Name of Shareholders	Immediately after the allotment and issue of Consideration Shares (assuming that all outstanding Share Options have not been exercised and the Existing CBs have not been converted into Shares and there is no other change in the issued share capital of the Company from the date of this announcement to the date of Acquisition Completion)				Immediately after the allotment and issue of Consideration Shares and Placing Shares (assuming that all outstanding Share Options have not been exercised and the Existing CBs have not been converted into Shares and there is no other change in the issued share capital of the Company from the date of this announcement to the date of Acquisition Completion and Placing Completion) and the Distribution (assuming Vendor CB Conversion in full)				Immediately after the allotment and issue of Consideration Shares and Placing Shares (assuming that all outstanding Share Options are fully exercised and the Existing CBs are fully converted into Shares and there is no other change in the issued share capital of the Company from the date of this announcement to the date of Acquisition Completion and Placing Completion) and the Distribution (assuming Vendor CB Conversion in full)	
	As at the date of this announcement		date of this announcement to the date of Acquisition Completion		After Distribution (assuming Vendor CB Conversion in full)		Distribution (assuming Vendor CB Conversion in full)		Distribution (assuming Vendor CB Conversion in full)	
	Approximate Number of Shares	Approximate percentage of shareholding	Approximate Number of Shares	Approximate percentage of shareholding	Approximate Number of Shares	Approximate percentage of shareholding	Approximate Number of Shares	Approximate percentage of shareholding	Approximate Number of Shares	Approximate percentage of shareholding
<b>(A+B): Sub-total of Vendor and parties acting in concert with it</b>	3,181,877,817	33.10%	32,006,797,374	83.27%	32,005,877,490	83.27%	32,005,877,490	70.25%	32,183,513,854	69.44%
<b>C: Other non-public Shareholders</b>	—	—	—	—	—	—	—	—	—	—
<b>Directors</b>										
Mr. Ho King Fung, Eric (Note 9)	41,852,000	0.44%	41,852,000	0.11%	41,852,000	0.11%	41,852,000	0.09%	159,352,000	0.34%
Mr. Joseph Lee (Note 10)	2,400,000	0.02%	2,400,000	0.01%	3,319,884	0.01%	3,319,884	0.01%	43,319,884	0.09%
Mr. Teoh Chun Ming (Note 11)	—	—	—	—	—	—	—	—	5,000,000	0.01%
Mr. Peter Edward Jackson (Note 12)	—	—	—	—	—	—	—	—	5,000,000	0.01%
Mr. Charles Matthew Pecot III (Note 13)	—	—	—	—	—	—	—	—	4,000,000	0.01%
<b>Sub-total</b>	<u>44,252,000</u>	<u>0.46%</u>	<u>44,252,000</u>	<u>0.12%</u>	<u>45,171,884</u>	<u>0.12%</u>	<u>45,171,884</u>	<u>0.10%</u>	<u>216,671,884</u>	<u>0.47%</u>
<b>D: Other public Shareholders*</b>										
Other Existing CBs holders (Note 14)	—	—	—	—	—	—	—	—	170,181,817	0.37%
Other Shares to be issued by the full exercise of the Share Options	—	—	—	—	—	—	—	—	263,488,000	0.57%
Remaining public Shareholders	6,386,968,745	66.44%	6,386,968,745	16.62%	6,386,968,745	16.62%	6,386,968,745	14.02%	6,386,968,745	13.78%
Places	—	—	—	—	—	—	7,123,363,636	15.63%	7,123,363,636	15.37%
<b>Sub-total</b>	<u>6,386,968,745</u>	<u>66.44%</u>	<u>6,386,968,745</u>	<u>16.62%</u>	<u>6,386,968,745</u>	<u>16.62%</u>	<u>13,510,332,381</u>	<u>29.65%</u>	<u>13,944,002,198</u>	<u>30.09%</u>
<b>(B+D): Sub-total of public</b>	<u>7,293,301,219</u>	<u>75.87%</u>	<u>7,293,301,219</u>	<u>18.97%</u>	<u>26,539,767,062</u>	<u>69.05%</u>	<u>33,663,130,698</u>	<u>73.89%</u>	<u>34,274,436,879</u>	<u>73.96%</u>
<b>(A+B+C+D): Total</b>	<u>9,613,098,562</u>	<u>100.00%</u>	<u>38,438,018,119</u>	<u>100.00%</u>	<u>38,438,018,119</u>	<u>100.00%</u>	<u>45,561,381,755</u>	<u>100.00%</u>	<u>46,344,187,936</u>	<u>100.00%</u>

\* To the best knowledge and belief of the Vendor and the Company, these persons (i) will not be core connected persons of the Company upon Acquisition Completion; (ii) are not accustomed to take instructions from any core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares; and (iii) their acquisition of Shares were not financed directly or indirectly by any core connected persons. The Shares held by them will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the Distribution.

*Notes:*

1. Based on 9,613,098,562 shares of the Company in issue as at December 5, 2022.
2. Ms. Wang Lei will hold her interests in the Company via Enzo Turbo Limited, a company wholly owned by her. Mr. Shen and Ms. Wang are in a spousal relationship. By virtue of the SFO, they are deemed to be interested in all the Shares held by each other.
3. Mr. Shen will hold his interests in the Company through (i) Timeless Hero Limited, which is wholly owned by Freeman Schenk Limited, the entire interest of which is in turn held by a trust that was established by Mr. Shen (as the settlor) for the benefit of himself and his family; (ii) Best Model International Limited, which is wholly owned by Mr. Shen; and (iii) the ESOP Platform, which is controlled by Mr. Shen.
4. Ruby Charm Investment Limited, the beneficial owner of 884,220,474 Shares, and Jumbo Eagle Investments Limited, the beneficial owner of 22,112,000 Shares, are both wholly owned by Mr. Ho King Man, Justin, who is also interested in 50,000,000 Share Options with an exercise price of HK\$1.782.
5. Vivaldi International Limited, a minority shareholder of the Vendor and ultimately owned by Ms. Chau Hoi Shuen Solina Holly, is holding the Existing CBs in the principal amount of HK\$35,100,000 (convertible into 63,818,182 Shares).
6. Able Catch Limited, ultimately and beneficially owned by Mr. Li Ka Shing, is holding the Existing CBs in the principal amount of HK\$35,100,000 (convertible into 63,818,182 Shares). Goldrank Limited, a wholly-owned subsidiary of Li Ka Shing (Global) Foundation, which is a charitable organization established by Mr. Li Ka Shing (李嘉誠), is a minority shareholder of the Vendor.
7. Baidu Holdings Limited is a company incorporated in British Virgin Islands. Baidu Holdings Limited is a wholly owned subsidiary of Baidu, Inc., a company incorporated in the Cayman Islands and listed on the Stock Exchange and Nasdaq (SEHK: 9888, Nasdaq: BIDU). As such, Baidu, Inc. will be deemed to be interested in the Shares held by Baidu Holdings Limited.
8. As Great Dawn Investments Limited and August State Investments Limited are ultimately wholly-owned by Agile Group Holdings Limited, Agile Group Holdings Limited will be deemed to be interested in the Shares held by each of Great Dawn Investments Limited and August State Investments Limited.
9. Mr. Ho King Fung, Eric is the beneficial owner of 41,852,000 Shares and 117,500,000 Share Options under Share Option Scheme (20,000,000 Share Options with an exercise price of HK\$0.85, 30,000,000 Share Options with an exercise price of HK\$0.475, 37,500,000 Share Options with an exercise price of HK\$0.78 and 30,000,000 Share Options with an exercise price of HK\$0.445).



10. Mr. Joseph Lee is the beneficial owner of 2,400,000 Shares and 40,000,000 Share Options under Share Option Scheme with an exercise price of HK\$0.44.
11. Mr. Teoh Chun Ming, is the beneficial owner of 5,000,000 Share Options under Share Option Scheme (1,000,000 Share Options with an exercise price of HK\$0.475, 2,000,000 Share Options with an exercise price of HK\$0.78 and 2,000,000 Share Options with an exercise price of HK\$0.445).
12. Mr. Peter Edward Jackson, is the beneficial owner of 5,000,000 Share Options under Share Option Scheme (1,000,000 Share Options with an exercise price of HK\$0.475, 2,000,000 Share Options with an exercise price of HK\$0.78 and 2,000,000 Share Options with an exercise price of HK\$0.445).
13. Mr. Charles Matthew Pecot III, is the beneficial owner of 4,000,000 Share Options under Share Option Scheme (2,000,000 Share Options with an exercise price of HK\$0.78 and 2,000,000 Share Options with an exercise price of HK\$0.445).
14. Other Existing CBs holders include (i) Walong Holdings Limited, wholly owned by Ms. Hoi Wa Fan, with principal amount of HK\$78,000,000 and convertible into 141,818,181 Shares; and (ii) 45 Yi Capital Holdings Co., Ltd, beneficially owned by Mr. Tsz Ho Tony Lau, with the Existing CBs in the principal amount of HK\$15,600,000 and convertible into 28,363,636 Shares.
15. The percentage of the Placing Shares immediately after the allotment and, issue of Consideration Shares, and Placing Shares (assuming that all outstanding Share Options have not been exercised and the Existing CBs have not been converted into Shares and there is no other change in the issued share capital of the Company from the date of this announcement to the date of Acquisition Completion and Placing Completion) and after the Distribution of is around 15.63% of the total number of Shares and the percentage of the Distribution Shares which will be in public hands is around 42.24% of the total number of Shares. The aggregate of the Distribution Shares and the Placing Shares that will be in public hands together constitute around 57.88% of the total number of Shares.
16. The issue of the Consideration Shares and the Placing Shares will be completed simultaneously.

## **LISTING RULES IMPLICATIONS**

### **For the Acquisition**

The Acquisition constitutes a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules as one or more of the relevant percentage ratios under Rule 14.07 of the Listing Rules are over 100% for the Company in relation to the Acquisition.

The Acquisition also constitutes a reverse takeover for the Company under Rule 14.06B of the Listing Rules on the basis that the Acquisition (i) constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and (ii) involves an acquisition of assets from the Vendor which will result in a change in control (as defined under the Takeovers Code) of the Company immediately after the allotment and issue of the Consideration Shares.

In addition, the Company will be treated as if it were a new listing applicant under Rule 14.54 of the Listing Rules. The Enlarged Group must be able to meet the basic listing eligibility requirements of the Listing Rules. The Company must also comply with the procedures and requirements for new listing applicants as set out in Chapter 9 of the Listing Rules.

Accordingly, the Acquisition is also subject to the approval by the Listing Committee. As at the date of this announcement, the new listing application has not been submitted to the Stock Exchange, and the Company will initiate the new listing application process as soon as practicable. The Listing Committee may or may not grant its approval to the new listing application. If such approval is not granted by the Listing Committee, the Acquisition Agreement will not become unconditional and the Acquisition will not proceed.

As at the date of this announcement, the Vendor beneficially owned 2,275,545,343 Shares, representing approximately 23.67% of the entire issued share capital of the Company, and hence a substantial shareholder of the Company. Mr. Shen, a non-executive Director, directly and indirectly, together with Ms. Wang Lei, his spouse, held 30.82% of the total issued shares of the Vendor and is also a substantial shareholder of the Company. Accordingly, the Vendor is a connected person of the Company through its direct shareholding in the Company and as an associate of Mr. Shen and the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the approval by the Independent Shareholders at the EGM by way of poll.

### **For the Proposed Placing**

As the Placing Shares will be allotted and issued under the Specific Mandate to be obtained at the EGM, the Placing is subject to the Independent Shareholders' approval.

## **For the Shareholder's Loan Repayment**

As at the date of the announcement, the definitive documents of the Interim Financing have not been entered into between the Vendor and/or the Acquisition Target Group with the Lenders. The amount to be drawn down is still uncertain and subject to the business needs of the Acquisition Target Group. Further announcement(s) containing, among others, details of the approval procedure will be made by the Company once the terms of the relevant definitive agreement are entered into between the parties. As the Vendor is currently a substantial shareholder of the Company and will, upon the Acquisition Completion become the controlling shareholder of the Company, the Shareholder's Loan Repayment constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Depending on the size of the Shareholder's Loan Repayment to the Company, when a formal agreement regarding the Shareholder's Loan Repayment is entered into in due course, the Shareholder's Loan Repayment may be subject to the requirements under Chapter 14A of the Listing Rules. Further announcement(s) will be made by the Company once the terms of the Shareholder's Loan Repayment have been determined and the relevant definitive agreement entered into between the parties.

## **IMPLICATIONS UNDER THE TAKEOVERS CODE**

### **For the Whitewash Waiver**

As at the date of this announcement, the Vendor is interested in 2,275,545,343 Shares, representing approximately 23.67% of the issued share capital of the Company.

Immediately after the allotment and issue of the Consideration Shares and the Placing Shares and assuming that the Share Options have not been exercised, the Existing CBs have not been converted into Shares and there is no other change in the issued share capital of the Company from the date of this announcement to the date of Acquisition Completion and Placing Completion, the shareholding of the Vendor and parties acting in concert with it will be increased to 32,006,797,374 Shares, representing approximately 70.25% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Placing Shares.

Under Rule 26.1 of the Takeovers Code, the Vendor would be required to make an unconditional mandatory general offer for all the issued Shares not already owned or agreed to be acquired by it and parties acting in concert with it pursuant to Rule 26 of the Takeovers Code, unless the Whitewash Waiver is granted by the Executive.

An application to the Executive for the Whitewash Waiver will therefore be made by the Vendor pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, (i) respective resolutions relating to the Whitewash Waiver and the Acquisition being approved by at least 75% and more than 50%, respectively, of the votes cast by the Independent Shareholders at the EGM; and (ii) the Vendor and parties acting in concert with it not having made any acquisitions or disposals of voting rights of the Company between the date of this announcement and completion of the issue of the Consideration Shares unless with the prior consent of the Executive.

### **For the Disposal**

Reference is made to the announcement of the Company dated December 30, 2022.

Since the Disposal is an agreement entered into between the Company and Innosphi Company Limited, which is wholly owned by Mr. Shen (who directly and indirectly, together with Ms. Wang Lei, his spouse, held 30.82% of the total issued shares of the Vendor, which in turn holds approximately 23.67% of the entire issued share capital of the Company as at the date of the Disposal Announcement), a substantial shareholder of the Company and a party acting in concert with the Vendor, when the Whitewash Waiver was reasonably in contemplation and which is not capable of being extended to all Shareholders, the Disposal constitutes a special deal of the Company under Rule 25 of the Takeovers Code and requires the consent of the Executive.

The Company will apply to the Executive for consent to the Disposal and such consent, if granted, will be subject to (i) the Independent Financial Adviser publicly stating that in its opinion the terms of the Disposal are fair and reasonable; and (ii) the approval of the Disposal (as a special deal) by the Independent Shareholders by way of poll at a general meeting of the Company.

**The Company will publish an announcement to provide further details on the implications of the Whitewash Waiver on the Disposal under the Takeovers Code.**

## **Confirmations**

As at the date of this announcement, the Vendor confirms that:

- (i) save for (a) the 2,275,545,343 Shares held by it, and (b) the Consideration Shares contemplated under the Acquisition Agreement, none of the Vendor nor the parties acting in concert with it owns or has control or direction over any voting rights or rights over the Shares, options, derivatives, warrants or other securities convertible into Shares;
- (ii) neither the Vendor nor any party acting in concert with it has dealt in any Shares, options, derivatives, warrants and/or other securities convertible into Shares during the six-months period prior to the date of this announcement;
- (iii) neither the Vendor nor any party acting in concert with it has entered into any arrangements or contracts in relation to any outstanding derivative in respect of securities of the Company;
- (iv) save as the issue of the Consideration Shares contemplated under the Acquisition Agreement and the Distribution, neither the Vendor nor any party acting in concert with it has entered into any arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Vendor or the Company and which might be material to the Acquisition or the Whitewash Waiver and the Disposal;
- (v) neither the Vendor nor any party acting in concert with it has entered into any agreement or arrangement to which it is a party which related to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Acquisition, any transactions contemplated thereunder or the Whitewash Waiver (save as the conditions precedent to the Acquisition Agreement) or the Disposal;
- (vi) neither the Vendor nor any party acting in concert with it has received any irrevocable commitment from the Independent Shareholders in relation to voting in favor of or against the resolutions in respect of the Acquisition, the transactions contemplated thereunder or the Whitewash Waiver or the Disposal at the upcoming EGM;

- (vii) neither the Vendor nor any party acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (viii) save as the Acquisition Consideration and the Shareholder's Loan Repayment, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Company to the Vendor or any party acting in concert with it under the Acquisition Agreement;
- (ix) save as the Acquisition and the Disposal (further details of the implications of the Whitewash Waiver on the Disposal under the Takeovers Code will be set out in an announcement to be published by the Company), there is no understanding, arrangement, agreement or special deal between the Vendor or any party acting in concert with it on the one hand, and the Company and any party acting in concert with it on the other hand; and
- (x) save as the Acquisition and the Disposal (further details of the implications of the Whitewash Waiver on the Disposal under the Takeovers Code will be set out in an announcement to be published by the Company), there has been no other understanding, arrangement, or agreement or special deals (within the meaning of the Takeovers Code) between any Shareholders, and (a) the Vendor and any party acting in concert with it; and (b) the Company, its subsidiaries or associated companies.

The Vendor has further confirmed that as at the date of this announcement, other than entering into of the Acquisition Agreement, neither it nor any party acting in concert with it has acquired or disposed of or entered into any agreement or arrangement to acquire or dispose of any voting rights in the Company within the six months prior to the date of this announcement.

As at the date of this announcement, each of the Vendor and the Company does not believe that the Acquisition gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, each of the Vendor and the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the Circular. Each of the Vendor and the Company notes that the Executive may not grant the Whitewash Waiver if the Acquisition does not comply with other applicable rules and regulations.

**The Executive may or may not grant the Whitewash Waiver. They are among the conditions precedent to Acquisition Completion that the Whitewash Waiver has been granted. In the event that the Whitewash Waiver are not granted by the Executive or the Whitewash Waiver and the Acquisition are not approved by the Independent Shareholders, the Acquisition Agreement will lapse and the Acquisition will not proceed.**

## **EGM**

The Acquisition, the Whitewash Waiver, the Disposal and the transactions contemplated thereunder are subject to the approval of the Independent Shareholders at the EGM. The Vendor, Mr. Shen, Mr. Joseph Lee and their respective associates and parties acting in concert with any of them, any shareholders of the Vendor and their respective associates and parties acting in concert with any of them (including Ruby Charm Investment Limited and Jumbo Eagle Investments Limited, together with their beneficial owner Mr. Ho King Man, Justin), and those who are involved in or interested in the Acquisition Agreement, the Whitewash Waiver, the Disposal and the transactions contemplated thereunder are required to abstain from voting on the relevant resolutions to be proposed at the EGM to approve, among others, the Acquisition Agreement, the Whitewash Waiver, the Disposal and the transactions contemplated thereunder. Ruby Charm Investment Limited, a minority shareholder of the Vendor and wholly owned by Mr. Ho King Man, Justin, is holding 884,220,474 Shares (approximately 9.20% of the entire issued share capital of the Company), so Ruby Charm Investment Limited has a conflict of interest and will, together with Jumbo Eagle Investments Limited (which holds 22,112,000 Shares (approximately 0.23% of the entire issued share capital of the Company) and wholly owned by Mr. Ho King Man, Justin), abstain from voting on the relevant resolutions to be proposed at the EGM to approve, among others, the Acquisition Agreement, the Whitewash Waiver, the Disposal and the transactions contemplated thereunder.

## **ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE, WHITEWASH INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER**

Rule 13.39(6) of the Listing Rules required Independent Board Committee, which shall consist only of independent non-executive Directors, to advise the Acquisition, the Specific Mandate, the Placing, the Shareholder's Loan Repayment and the Disposal.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Teoh Chun Ming, Mr. Peter Edward Jackson, Mr. Charles Matthew Pecot III and Ms. Hau Yan Hannah Lee, has been formed to advise the Independent Shareholders in relation to the Acquisition, the Specific Mandate, the Shareholder's Loan Repayment and the Disposal and the transactions contemplated thereunder.

Rule 2.8 of the Takeovers Code required members of the Whitewash Independent Board Committee should comprise all non-executive Directors who have no direct or indirect interest in the Acquisition and the Whitewash Waiver. Mr. Shen, a non-executive Director, directly and indirectly, together with Ms. Wang Lei, his spouse, held 30.82% of the total issued shares of the Vendor and is also a substantial shareholder of the Company. Accordingly, Mr. Shen has interest in the Acquisition, the Whitewash Waiver and the Disposal and will not join the Whitewash Independent Board Committee.

The Whitewash Independent Board Committee comprising the non-executive Director, namely Mr. Wilfried Porth and all the independent non-executive Directors, namely Mr. Teoh Chun Ming, Mr. Peter Edward Jackson, Mr. Charles Matthew Pecot III and Ms. Hau Yan Hannah Lee, has been formed for the purpose of advising the Independent Shareholders in respect of the Acquisition, the Whitewash Waiver and the Disposal and the transactions contemplated thereunder.

Altus Capital Limited, being a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activity under the SFO, has been appointed as the Independent Financial Adviser to make recommendations to the Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders as to the fairness and reasonableness of the terms of the Acquisition, the Whitewash Waiver, the Placing, the grant of the Specific Mandate and the Disposal. The appointment of Altus Capital Limited has been approved by the Independent Board Committee pursuant to Rule 13.39(6) of the Listing Rules and the Whitewash Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code. The letter of advice from the Independent Financial Adviser to the Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders will be included in the Circular.



## **DESPATCH OF CIRCULAR**

The Circular (or separate circular(s)) will contain, among other things, (i) further information on the Acquisition, the Placing, the grant of Specific Mandate, the Disposal and the proposed increase in authorized share capital and other information as required to be disclosed under the Listing Rules and the Takeovers Code; (ii) details of the Whitewash Waiver; (iii) the recommendation of the Independent Board Committee and the Whitewash Independent Board Committee to the Independent Shareholders in relation to the Acquisition, the Whitewash Waiver, the Placing, the grant of Specific Mandate and the Disposal; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders in relation to the Acquisition, the Whitewash Waiver, the Placing, the grant of Specific Mandate and the Disposal; (v) a notice of the EGM; and (vi) a form of proxy.

Pursuant to Rules 14.60(7) and 14A.68(11) of the Listing Rules, the Circular is required to be despatched to the Shareholders within 15 Business Days from the date of this announcement. Pursuant to Rule 8.2 of the Takeovers Code, the Circular is required to be despatched to the Shareholders within 21 days (or, in the case of a securities exchange offer, 35 days) from the date of this announcement. The Circular is subject to review and comments by the Stock Exchange and the SFC and will be despatched to the Shareholders as soon as practicable after the Company has obtained the approval in principle from the Listing Committee with respect to the new listing application. In view of the process required in connection with the new listing application by the Company, the Company expects that more time may be needed for the Stock Exchange to approve the Company's new listing application and for the preparation of the Circular, which is expected to be despatched on or before July 31, 2023. As such, the Company will apply to the Executive pursuant to Rule 8.2 of the Takeovers Code for its consent to extend the time limit for the despatch of the Circular.

## WARNING

**Shareholders and potential investors should note that completion of each of the Acquisition and the Placing is subject to the fulfillment or waiver (as the case may be) of the conditions under each of the Acquisition Agreement and the Placing Agreement. In addition, the Listing Committee of the Stock Exchange may or may not approve the new listing application to be made by the Company. In the event that approval of the new listing application of the Company is not granted, the Acquisition Agreement and the Placing Agreement will not become unconditional and the Acquisition and the Placing will not proceed. As the Acquisition and the Placing may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions will have the following respective meanings:

“Acquisition”	the acquisition of the Acquisition Shares pursuant to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the conditional sale and purchase agreement dated January 11, 2023 and entered into by the Vendor and the Purchaser in respect of the Acquisition
“Acquisition Completion”	the completion of the Acquisition pursuant to the terms of the Acquisition Agreement
“Acquisition Consideration”	US\$2,023.27 million (equivalent to approximately HK\$15,853.71 million), being the aggregate consideration for the Acquisition, to be satisfied by the issue of Consideration Shares
“Acquisition Shares”	the proposed acquisition of the entire issued share capital of the Acquisition Target Company
“Acquisition Target Company”	WM Motor Global Investment Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Vendor
“Acquisition Target Group”	the Acquisition Target Company and its subsidiaries

“acting in concert”	has the meaning ascribed to the term under the Takeovers Code
“Amer Loan”	the loan under the legally binding credit term sheet for a facility in the amount of RMB500 million with Shenzhen Amer Industrial Co., Ltd.* (深圳正威實業有限公司)
“Application Proof”	has the meaning ascribed to it in the Listing Rules
“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day other than a Saturday, Sunday or public holiday in Hong Kong when banks in Hong Kong are generally open for business and on which no typhoon signal no. 8 or above or the black rainstorm signal is hoisted in Hong Kong at any time after 9:00 a.m.
“Break-Fee”	the sum of US\$10,000,000 as a best effort estimation of the damages, costs and expenses to be paid by the Vendor to the Purchaser by reason of the failure of the Vendor to consummate the transactions contemplated under the Acquisition Agreement if the condition in clause (d) in the sub-section headed “THE ACQUISITION AGREEMENT — Conditions precedent of the Acquisition” of this announcement is not satisfied on or before the Long-Stop Date
“BVI”	the British Virgin Islands
“C2M platform”	customer-to-manufacture platform
“CIC Report”	the report (as extracted from the Application Proof of the Vendor) of China Insights Consultancy, whose website is <a href="http://www.cninsights.com">www.cninsights.com</a>

“Circular”	the circular to be sent to the Shareholders in relation to the EGM containing, among others, details of the Acquisition, the grant of the Specific Mandate, the proposed increase in authorized share capital, the Whitewash Waiver, the Placing and the transaction contemplated thereunder
“Committed Standing Facilities”	the facilities under facility agreements entered into by the Vendor with August State Investments Ltd and Danvin Limited (being the existing shareholders of the Vendor), respectively, dated May 19, 2022, pursuant to which August State Investments Ltd and Danvin Limited irrevocably agreed to make loans to the Vendor in the amount of HK\$700 million and HK\$800 million, respectively
“Company”	Apollo Future Mobility Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued 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
“Consideration Share(s)”	an aggregate of 28,824,919,557 Shares to be allotted and issued by the Company to the Vendor (or their respective nominees) upon Acquisition Completion at the Issue Price pursuant to the terms of the Acquisition Agreement to satisfy the Acquisition Consideration
“Controlling Shareholder(s)”	has the meaning ascribed to it under Listing Rules
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	has the meaning ascribed to it in the announcement published by the Company on December 30, 2022

“Distribution”	the process in which the Vendor distributing the 28,824,919,557 Consideration Shares and the 2,275,545,343 Shares that the Vendor currently holds to all of its shareholders and Vendor CB Holders (if Vendor CB Conversion takes place by then) in proportion to their respective shareholdings in the Vendor as at the date of the Acquisition Completion
“Distribution Shares”	the 28,824,919,557 Consideration Shares and the 2,275,545,343 Shares that will be distributed by the Vendor to all of its shareholders in proportion to their respective shareholdings in the Vendor under the Distribution
“Distribution Shares Public Holders”	84 shareholders (assuming the three holders of convertible bonds issued by the Vendor, namely Start New Limited, Topgearasia Capital (Cayman) Limited and Asia Union Capital Limited have fully converted their convertible bonds) out of all 92 shareholders of the Vendor, who will hold 61.88% shareholding interest in aggregate in the Vendor, with each of them holding a highly fragmented shareholding interest in the Vendor
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of, among other things, seeking approval from the Independent Shareholders in respect of the Acquisition, grant of the Specific Mandate, the proposed increase in authorized share capital, the Whitewash Waiver, the Placing and the transactions contemplated thereunder
“Enlarged Group”	the Group as enlarged by the Acquisition Target Group upon Acquisition Completion

“ESOP Platform”	Thoth Team Limited established by the Vendor in June 2022 to hold shares to be subscribed by the grantees pursuant to the exercise of the share options granted under the Pre-IPO Share Option Scheme. An aggregate of 449,234,705 class A ordinary shares of the Vendor have been allotted and issued to the ESOP Platform in June 2022
“EV(s)”	electric vehicles
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“Existing CB Conversion Shares”	a maximum of 297,818,181 Shares to be allotted and issued upon exercise of the conversion rights attaching to the Existing CBs
“Existing CBs”	the convertible bonds in the amount of HK\$78,000,000 and HK\$85,800,000 issued by the Company under each of the subscription agreements dated September 8, 2021 and September 13, 2021, respectively, details of which set out in the announcements of the Company dated September 8, 2021 and September 13, 2021

“Geely Group”	Zhejiang Geely Holding Group Co., Ltd.* (浙江吉利控股集團有限公司) and its subsidiaries and affiliates
“Governmental Entity”	(a) the government of any jurisdiction (including any national, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, central bank, commission or other authority thereof, including without limitation any entity directly or indirectly owned (in whole or in part) or controlled thereby; (b) any public international organization or supranational body and its institutions, departments, agencies and instrumentalities; and (c) any quasi-governmental or private body or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, tax, importing or other governmental or quasi-governmental authority
“Group”	the Company and its subsidiaries
“HIBOR”	Hong Kong Interbank Offered Rate, the rate on which Hong Kong dollar-denominated instruments are traded between banks in Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Implied Consideration”	the implied consideration in the amount of US\$2,137.8 million of the Acquisition Target Company based on the average P/S ratio of 3.9x of the comparable companies

“Independent Board Committee”	the independent committee of the Board comprising Mr. Teoh Chun Ming, Mr. Peter Edward Jackson, Mr. Charles Matthew Pecot III and Ms. Hau Yan Hannah Lee, established to give recommendations to the Independent Shareholders on the Acquisition, the grant of the Specific Mandate, the Placing and the transactions contemplated thereunder
“Independent Financial Adviser”	Altus Capital Limited, a licensed corporation to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activity under the SFO and the independent financial adviser to advise the Independent Board Committee, the Whitewash Independent Board Committee and the Independent Shareholders in respect of the Acquisition, the grant of the Specific Mandate, the Whitewash Waiver, the Placing, the Disposal and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders, excluding the Vendor, Mr. Shen, Mr. Joseph Lee and their respective associates and parties acting in concert with any of them, any shareholders of the Vendor and their respective associates and parties acting in concert with any of them (including Ruby Charm Investment Limited and Jumbo Eagle Investments Limited, together with their beneficial owner Mr. Ho King Man, Justin), and those who are involved in or interested in the Acquisition Agreement, the Whitewash Waiver, the Disposal and the transactions contemplated thereunder who are required to abstain from voting at the EGM to be convened in accordance with the Listing Rules, the Takeovers Code and other applicable laws, rules and regulations
“Independent Third Party(ies)”	any entity(ies) or person(s) which or who is/are not a connected person of the Company and the Acquisition Target Group



“Interim Financing”	the Amer Loan and the Macau Loan
“IP Disputes”	certain members of the Acquisition Target Group, as the defendants, had certain on-going lawsuits with Geely Group, as the claimants, with respect to intellectual property disputes with Geely Group, as set out in the paragraph headed “On-going lawsuits with Geely Group” of this announcement
“Issue Price”	HK\$0.55 per Consideration Share
“Latest Equity Investment in the Vendor”	the aggregate consideration of US\$563,724,659 paid by certain investors of the Vendor, namely, (a) Step Ahead International Limited (indirect wholly-owned subsidiary of Shun Tak Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0242)); (b) Pacific Legend Group Limited (a company ultimately controlled by PCCW Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0008)); (c) Guangzhou Nansha Xinde Houwei Venture Capital Fund Partnership (Limited Partnership) (controlled by GF Securities Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 000776)); (d) August State Investments Ltd (ultimately wholly-owned by Agile Group Holdings Limited (SEHK: 3383)); (e) the Pitaksit family (namely, Wisut Pitaksit (together with Bundit Pitaksit, Srun Pitaksit, Winai Pitaksit, Wisit Pitaksit); (f) Cosmos Inc.; (g) Full Kingdom Limited and (h) Suzhou Qianhai Ark Wisdom Technology Industry Investment Management Partnership (Limited Partnership) for approximately 9.87% equity interest in the Vendor in its latest round of financing held between October 2021 and March 2022, implying the consideration for 100% of equity interest in the Vendor being approximately US\$5.7 billion in the latest round of financing

“Last Trading Day”	January 11, 2023, being the last full trading day of the Shares on the Stock Exchange prior to the release of this announcement
“Lenders”	Lenders of Macau Loan and Amer Loan, namely, a major commercial bank in Macau and Shenzhen Amer Industrial Co., Ltd.* (深圳正威實業有限公司), respectively
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date which is three months from the hearing of the deemed new listing application of the Acquisition Target Group by the Listing Committee (and may be extended by three months as may be mutually agreed in writing by the Vendor and the Purchaser)
“Macau”	the Macau Special Administrative Region of the PRC
“Macau Loan”	the loan as set out in the indicative credit term sheet for a facility in the amount of HK\$250 million with the head office of a major commercial bank in Macau, whose Shanghai branch were also one of the participating banks for the existing syndicated loan facility of the Acquisition Target Group
“Mr. Shen”	Mr. Freeman Hui Shen, a non-executive Director and a substantial shareholder of the Company

“Onshore Investors”	Shanghai Automotive Industry (Group) Co., Ltd. (formerly known as Shanghai Automotive Industry (Group) Corporation), Hengyang Hongxin Investment Co., Ltd., Hengyang Hongwei Industrial Investment Partnership (Limited Partnership), Kunshan Chuangwei New Energy Industry Investment Fund Partnership (Limited Partnership), Hubei Changjiang (Huanggang) Equity Investment Fund Partnership (Limited Partnership), Hefei Industrial Investment Guidance Fund Co., Ltd., Hefei Beicheng Capital Management Co., Ltd., Shanghai Yangpu Menghang Venture Capital Center (Limited Partnership), Puyue Hongsheng (Shanghai) Venture Capital Center (Limited Partnership), Shanghai Qingpu Investment Co., Ltd. and Zibo Yingke Jiyun Venture Capital Partnership (Limited Partnership)
“Party(ies)”	a party or parties to the Acquisition Agreement
“Placee(s)”	any individual(s), institutional or other professional investor(s) procured to subscribe for any of the Placing Shares at the Placing Price pursuant to the Placing Agreement
“Placing”	the placing, on a best effort basis, of 7,123,363,636 Placing Shares pursuant to the Placing Agreement
“Placing Agent”	an agent which may be appointed by the Company as the placing agent for the Placing, which shall be a licensed corporation to carry on Type 1 (dealing in securities) regulated activity as defined under the SFO
“Placing Agreement”	the conditional placing agreement to be entered into between the Company and the Placing Agent in respect of the Placing
“Placing Completion”	completion of the Placing pursuant to the terms of the Placing Agreement

“Placing Price”	not less than HK\$0.55 per Placing Share
“Placing Shares”	7,123,363,636 new Shares to be allotted and issued by the Company pursuant to the Placing Agreement
“PRC” or “China”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“P/S ratio”	Price to sales ratio
“Purchaser”	Castle Riches Investments Limited, a company with limited liability incorporated under the laws of BVI and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, modified and supplemented from time to time
“Share(s)”	share(s) of the Company
“Share Option Scheme”	the Share option scheme of the Company adopted on March 1, 2013
“Share Options”	484,988,000 outstanding options granted under the Share Option Scheme
“Shareholder(s)”	the holder(s) of the Shares
“Shareholder’s Loan”	the injection of the loans drawn under the Interim Financing arrangements and Committed Standing Facilities by the Vendor as a borrowing entity for any member of the Acquisition Target Group
“Shareholder’s Loan Repayment”	the repayment of the Shareholder’s Loan by the Acquisition Target Group to the Vendor according to the due dates of each of the Amer Loan and the Committed Standing Facilities

“Specific Mandate”	the specific mandate to be sought at the EGM for the approval of the allotment and issue of the Consideration Shares and the Placing Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SUV(s)”	sport utility vehicles
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Trade Secret Dispute”	certain members of the Acquisition Target Group, as the defendants, had certain on-going lawsuits with Geely Group, as the claimants, with respect to the alleged infringement of Geely Group’s trade secrets, as set out in the paragraph headed “On-going lawsuits with Geely Group” of this announcement
“Trial Judgment”	the trial judgment in respect of the Trade Secret Dispute given by the Higher People’s Court of Shanghai Municipality on the Trade Secret Dispute in September 2022
“US\$”	the United States dollars, for the purpose of illustration only, the exchange rate of US\$ to HK\$ is 7.8357
“Vendor”	WM Motor Holdings Limited (威馬控股有限公司)*, a company incorporated in the Cayman Islands with limited liability which is beneficially owned as to 30.82% by Mr. Shen, a non-executive Director, directly and indirectly, together with Ms. Wang Lei, his spouse, and a substantial shareholder of the Company, holding 23.67% of the Shares

“Vendor CB Holders”	Topgearasia Capital (Cayman) Limited and Asia Union Capital Limited (being the holders of the convertible notes in the principal amount of US\$32 million in aggregate issued by the Vendor pursuant to a convertible note purchase agreement dated January 31, 2022) and Start New Limited (being the holder of the convertible bonds issued by the Vendor pursuant to a convertible bonds agreement dated May 25, 2021) in the amount of US\$30,970,299.48
“Vendor CB Conversion”	the exercise of the conversion rights by the Vendor CB Holders to convert the convertible notes and convertible bonds into equity interests in the Vendor based on the relevant subscription agreements
“Weltmeister Shanghai”	Weltmeister Automobile Technology Shanghai Co., Ltd.* (威爾馬斯特汽車科技(上海)有限公司), a subsidiary of the Vendor
“Whitewash Independent Board Committee”	the independent committee of the Board, comprising the non-executive Director, namely Mr. Wilfried Porth, and all the independent non-executive Directors, namely Mr. Teoh Chun Ming, Mr. Peter Edward Jackson, Mr. Charles Matthew Pecot III and Ms. Hau Yan Hannah Lee, formed for the purpose of advising the Independent Shareholders in respect of the Acquisition, the Whitewash Waiver, the Disposal and the transactions contemplated thereunder
“Whitewash Waiver”	a waiver from the obligation of the Vendor to make a mandatory general offer to other Shareholders in respect of the Shares (other than those already owned or agreed to be acquired by the Vendor and parties acting in concert with it) as a result of the allotment and issue of the Consideration Shares pursuant to Note 1 on the dispensations from Rule 26 of the Takeovers Code

“WM Automobile Technology”	WM Automobile Technology Group Co., Ltd.* (威馬汽車科技集團有限公司), a subsidiary of the Vendor
“WM Shanghai”	WM Smart Mobility Technology (Shanghai) Co., Ltd.* (威馬智慧出行科技(上海)股份有限公司), a subsidiary of the Vendor
“%”	per cent.

By order of the Board  
**Apollo Future Mobility Group Limited**  
**Ho King Fung, Eric**  
*Chairman*

Hong Kong, January 11, 2023

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Ho King Fung, Eric (Chairman), Mr. Joseph Lee (Vice Chairman) and Mr. Qi Zhenggang; two non-executive Directors, namely Mr. Freeman Hui Shen (Co-Chairman) and Mr. Wilfried Porth; and four independent non-executive Directors, namely Mr. Teoh Chun Ming, Mr. Peter Edward Jackson, Mr. Charles Matthew Pecot III and Ms. Hau Yan Hannah Lee.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Vendor) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the directors of the Vendor) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*As at the date of this announcement, the board of the Vendor comprises four executive Directors, namely Mr. Freeman Hui Shen, Mr. Ligang Du, Mr. Haijing Hou and Mr. John Yijia Bi; and three non-executive Directors, namely Mr. Zhenyu Li, Dr. Shuolong Peng and Mr. Shaoqing Jiang.*

*The directors of the Vendor jointly and severally accepts full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Company), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.*

\* for identification purposes only