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信德集團



SHUN TAK HOLDINGS

SHUN TAK HOLDINGS LIMITED

信德集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 242)

Website: <http://www.shuntakgroup.com>

ANNOUNCEMENT

DISCLOSEABLE TRANSACTION

(1) ACQUISITION OF THE WM SERIES D SHARES

(2) SHARE EXCHANGE

THE ACQUISITION

On 4 October 2021, SAIL (a wholly-owned subsidiary of the Company), WMMH, WM HK Company, WM WFOE and the Founder Parties, entered into the Share Purchase Agreement, pursuant to which, amongst others, SAIL conditionally agreed to acquire, and WMMH conditionally agreed to issue and sell, the WM Series D Shares at the consideration of US\$70 million in accordance with the terms and conditions of the Share Purchase Agreement.

THE SHARE EXCHANGE

On the same date, SAIL and WMMH entered into the Share Exchange Agreement, pursuant to which, amongst others, SAIL conditionally agreed to sell the Sale Shares (representing approximately 1.7% of Apollo Shares as at the date of this announcement) and in consideration WMMH has conditionally agreed to issue and sell the WM Exchange Shares to SAIL in accordance with the terms and conditions of the Share Exchange Agreement. Upon completion of the Acquisition and the Share Exchange, SAIL will cease to hold any Apollo Shares and will in turn hold approximately 2.0% of WM Shares as enlarged by the issue of the WM Series D Shares and the WM Exchange Shares.

LISTING RULES IMPLICATIONS

As the Share Purchase Agreement and the Share Exchange Agreement are entered into by the Group involving the acquisition of interests in one particular company and are expected to complete within 12 months, the acquisition of the WM Shares contemplated under the Share Purchase Agreement and the Share Exchange Agreement will be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Share Purchase Agreement and the Share Exchange Agreement on an aggregate basis is more than 5% but less than 25%, the acquisition of the WM Shares contemplated under the Share Purchase Agreement and the Share Exchange Agreement (as aggregated) constitutes a discloseable transaction of the Company which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As all of the applicable percentage ratios in respect of the disposal of the Sale Shares are below 5%, the disposal of the Sale Shares does not constitute a discloseable transaction and is not subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE ACQUISITION

On 4 October 2021, SAIL (a wholly-owned subsidiary of the Company), WMMH, WH HK Company, WM WFOE and the Founder Parties entered into the Share Purchase Agreement, pursuant to which, amongst others, SAIL conditionally agreed to acquire, and WMMH conditionally agreed to issue and sell, the WM Series D Shares at the consideration of US\$70 million in accordance with the terms and conditions of the Share Purchase Agreement.

The principal terms of the Share Purchase Agreement are set out below:

THE SHARE PURCHASE AGREEMENT

Date

4 October 2021

Parties

- (1) SAIL, a wholly-owned subsidiary of the Company;
- (2) WMMH;
- (3) WM HK Company;
- (4) WM WFOE; and
- (5) Founder Parties

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, WMMH, WM HK Company, WM WFOE and their respective ultimate beneficial owners, and the Founder Parties, are Independent Third Parties.

Subject matter

SAIL conditionally agreed to acquire, and WMMH conditionally agreed to issue and sell, the WM Series D Shares (being 89,334,235 Series D Preferred Shares) in accordance with the terms and conditions of the Share Purchase Agreement. For details of the WM Series D Shares, please refer to the section headed "Information on WMMH, WM HK Company, WM WFOE and Founder Parties" below.

Acquisition Consideration

The consideration for the Acquisition shall be an aggregate amount of US\$70 million, which the Group expects to finance by its internal resources. The Acquisition Consideration will be paid by SAIL to the Escrow Account within five SPA Business Days after the execution of the Share Purchase Agreement or on the date of the opening of the Escrow Account (whichever is later) in accordance with the terms of the Escrow Agreement, and the Acquisition Consideration will be released from the Escrow Account to WMMH at the SPA Closing.

Basis of the Acquisition Consideration

The consideration for the Acquisition was determined after arm's length negotiations between SAIL and WMMH, and with reference to a number of factors including but not limited to (i) the business potential and prospect of the WM Group and the new energy market in the PRC; (ii) the equity interest in WM Group that is represented by the WM Series D Shares; (iii) the pre-money valuation of WMMH; and (iv) the WM Group's potential Qualified IPO.

Conditions Precedent

The SPA Closing is conditional on the fulfilment or waiver of the following conditions:

- (a) each of the representations and warranties made by the Warrantors shall be true and correct in any material aspect as of the date it was made and as of the date of the SPA Closing with the same effect as though such representations and warranties had been made on the date of the SPA Closing, except for those representations and warranties that address matters only as of a particular date, which representations shall be true and correct as of such particular date;
- (b) the Warrantors shall have performed and complied with all covenants and obligations contained in the Transaction Documents that are required to be performed or complied with by them on or before the SPA Closing in any material aspect;

- (c) all consents of any competent governmental authority or of any other person that are required to be obtained by any of the Warrantors in connection with the consummation of the transactions contemplated by the Transaction Documents shall have been duly obtained and effective as of the SPA Closing;
- (d) all corporate and other proceedings in connection with the transactions to be completed at the SPA Closing and all documents incident thereto (including all board and shareholder resolutions) shall have been completed by the Warrantors;
- (e) the Memorandum and Articles shall have been duly adopted by all necessary actions of the board of directors and shareholders of WMMH;
- (f) each of the parties to the Transaction Documents other than SAIL shall have executed the Transaction Documents;
- (g) there shall have been no material adverse effect since the date of the Share Purchase Agreement;
- (h) each of the representations and warranties made by SAIL shall be true and correct in any material aspect as of the date it was made and as of the date of the SPA Closing with the same effect as though such representations and warranties had been made on the date of the SPA Closing, except for those representations and warranties that address matters only as of a particular date, which representations shall be true and correct as of such particular date;
- (i) SAIL shall have performed and complied with all covenants and obligations contained in the Transaction Documents that are required to be performed or complied with by SAIL on or before the SPA Closing in any material aspect; and
- (j) SAIL shall have executed the Transaction Documents to which it is a party.

SAIL shall be entitled to waive the conditions as set out in paragraphs (a) to (g) above by notice in writing to WMMH, whereas WMMH shall be entitled to waive the conditions as set out in paragraphs (h) to (j) above by notice in writing to SAIL.

Closing

The SPA Closing shall take place as soon as practicable, but in no event later than five SPA Business Days after all conditions precedent under the Share Purchase Agreement have been satisfied or such other date as WMMH and SAIL shall agree in writing. If the SPA Closing does not taken place by 4 November 2021, SAIL may terminate the Share Purchase Agreement and the Acquisition Consideration will be refunded to SAIL. If SAIL fails to make the full payment of the Acquisition Consideration in accordance with the the terms of the Share Purchase Agreement, WMMH may terminate the Share Purchase Agreement.

Prior to the SPA Closing, WMMH shall obtain all necessary approvals, waivers and/or consents from its board and/or its shareholders and/or any person (as the case may be) in respect of, among others, the Share Purchase Agreement and the Share Exchange Agreement.

Key rights of the WM Series D Shares

SAIL is entitled to various customary rights for the protection of minority shareholders including but not limited to pre-emptive right, rights of first refusal and co-sale, drag along right, information right and anti-dilution right as set out in the Transaction Documents. SAIL is entitled to the redemption rights subject to certain conditions as set out in the Memorandum and Articles including, among others, WMMH's failure to complete a Qualified IPO within a specified time after the SPA Closing.

The WM Series D Shares will automatically be converted to Class A ordinary shares of WMMH in accordance with the Memorandum and Articles upon the earlier of (i) the consummation of a Qualified IPO or (ii) the date specified by written consent or agreement of a majority of the then holders of Series D Preferred Shares. The preferential rights attached to the WM Series D Shares shall terminate upon the consummation of a Qualified IPO.

THE SHARE EXCHANGE

On the same date, SAIL and WMMH entered into the Share Exchange Agreement, pursuant to which, amongst others, SAIL conditionally agreed to sell the Sale Shares to WMMH and in consideration WMMH has conditionally agreed to issue and sell the WM Exchange Shares to SAIL in accordance with the terms and conditions of the Share Exchange Agreement.

The principal terms of the Share Exchange Agreement are set out below:

THE SHARE EXCHANGE AGREEMENT

Date

4 October 2021

Parties

- (1) SAIL; and
- (2) WMMH.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, WMMH and its ultimate beneficial owners are Independent Third Parties.

Subject matter

SAIL conditionally agreed to sell the Sale Shares (being 137,360,000 Apollo Shares representing approximately 1.7% of Apollo Shares as at the date of this announcement) and in consideration WMMH has conditionally agreed to issue and sell the WM Exchange Shares to SAIL in accordance with the terms and conditions of the Share Exchange Agreement.

For details of the WM Exchange Shares, please refer to the section headed "Information on WMMH, WM HK Company, WM WFOE and Founder Parties" below.

Consideration for the WM Exchange Shares

The consideration for the WM Exchange Shares of US\$0.7981 per WM Exchange Share was determined after arm's length negotiations between SAIL and WMMH with reference to a number of factors including but not limited to (i) the business potential and prospect of the WM Group and the new energy market in the PRC; (ii) the equity interest in WM Group that is represented by the WM Exchange Shares; (iii) the pre-money valuation of WMMH; and (iv) the WM Group's potential Qualified IPO.

Consideration for the Sale Shares

The consideration for the Sale Shares of HK\$0.68 per Sale Share which represents a premium of approximately 33.3% over the closing price of HK\$0.51 per Sale Share as quoted on the Stock Exchange on the Last Trading Day.

Conditions Precedent

The Share Exchange Closing is conditional on the fulfilment or waiver of the following conditions:

- (a) the Sale Shares remaining listed and traded on the Main Board of the Stock Exchange;
- (b) the board of directors of each of SAIL and WMMH having passed all necessary resolutions in approving, among other things, the Share Exchange and the transactions contemplated hereunder;
- (c) the completion of the subscription of the WM Series D Shares pursuant to the Share Purchase Agreement;
- (d) a certificate of good standing of WMMH issued within 30 days prior to the date of the Share Exchange Closing having been obtained and provided to SAIL;

- (e) (where required) all necessary approvals and consents from any government or regulatory authority or any person having been obtained and all necessary filings with any government or regulatory authority required for the entering into of the Share Exchange Agreement and/or the performance of the obligations of each of SAIL and WMMH pursuant to the Share Exchange Agreement having been completed (including but not limited to the waiver by the relevant parties of all rights of first refusal under the Shareholders Agreement);
- (f) the warranties made by SAIL remaining true, accurate and not misleading as at the date of the Share Exchange Closing by reference to the facts and circumstance subsisting as at the date of the Share Exchange Closing; and
- (g) the warranties made by WMMH remaining true, accurate and not misleading as at the date of the Share Exchange Closing by reference to the facts and circumstance subsisting as at the date of the Share Exchange Closing.

SAIL shall be entitled to waive the conditions as set out in paragraphs (d), (g), and (only in relation to the obligations of WMMH) paragraphs (b) and (e) as set out above by notice in writing to WMMH, whereas WMMH shall be entitled to waive the conditions as set out in paragraphs (a), (c), (f), and (only in relation to SAIL's obligations) paragraphs (b) and (e) as set out above by notice in writing to SAIL.

Closing

The Share Exchange Closing shall take place within five Share Exchange Business Days after all conditions precedent under the Share Exchange Agreement have been satisfied, or such other Share Exchange Business Day as may be agreed by SAIL and WMMH, which should be no later than 15 Share Exchange Business Days after the date of the Share Exchange Closing.

The conditions precedent to the Share Exchange Agreement are expected to be satisfied on or before 15 December 2021 (or such other date as may be agreed by the parties). If any of the conditions has not been satisfied by then, the Share Exchange Agreement shall be terminated and no party shall have any claim against the other parties, except in respect of any antecedent breach of the Share Exchange Agreement.

Upon completion of the Acquisition and the Share Exchange, SAIL will cease to hold any Sale Shares and will in turn hold 104,377,160 WM Shares (representing approximately 2.0% of WM Shares as enlarged by the issue of the WM Series D Shares and the WM Exchange Shares).

REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE SHARE EXCHANGE

The Group is a conglomerate with core businesses in property, transportation, hospitality and investment sectors. Having considered the recent development and growth of the new energy vehicle market and relevant supportive government policies in the PRC, as well as the business prospect of the WM Group and its potential Qualified IPO, the Directors are of the view that the Acquisition and the Share Exchange represent a valuable investment opportunity which would enable the Group to redirect and focus its strategic investment in the WM Group and capture potential growth of the PRC new energy vehicle sector which may achieve positive financial returns to the Group.

Taking into consideration the reasons for and benefits of the Acquisition and the Share Exchange to the Company, the Directors are of the view that the terms of the Share Purchase Agreement and the Share Exchange Agreement and the transactions contemplated thereunder, including the basis of calculation of the consideration for Acquisition and the consideration for the Share Exchange which have been reached after arm's length negotiations among the parties, are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

None of the Directors has any material interest in the Share Purchase Agreement and the Share Exchange Agreement and the transactions contemplated thereunder, and none of the Directors has abstained from voting on the board resolution approving the Share Purchase Agreement and the Share Exchange Agreement and the transactions contemplated thereunder.

Financial information of the WM Group

Set out below is the financial information of the WM Group based on its unaudited consolidated accounts prepared in accordance with the US GAAP:

	For the year ended 31 December 2019 (unaudited) <i>RMB millions</i>	For the year ended 31 December 2020 (unaudited) <i>RMB millions</i>
Net loss before taxation	4,003.3	5,484.7
Net loss after taxation	4,004.8	5,484.8

As at 31 December 2020, the unaudited net assets of the WM Group was approximately RMB980.3 million, being the difference between the total assets and total liabilities of the WM Group as at 31 December 2020.

Upon the SPA Closing and the Share Exchange Closing, the Group will hold approximately 2.0% of the WM Shares as enlarged by the issue of the WM Series D Shares and the WM Exchange Shares.

INFORMATION ON THE PARTIES

Information on the Company and SAIL

The Company is an investment holding company and its subsidiaries are engaged in a number of business activities including property development, investment and management, hospitality, transportation and investment.

SAIL is a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company. SAIL is principally engaged in investment holding.

Information on WMMH, WM HK Company, WM WFOE and Founder Parties

WMMH is a company incorporated in the Cayman Islands with limited liability. It is principally engaged in investment holding and its single largest shareholder is Mr. Freeman Shen (one of the Founders).

WM HK Company is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of WMMH. WM HK Company is principally engaged in investment holding.

WM WFOE is a wholly foreign owned enterprise established in the PRC with limited liability and a wholly-owned subsidiary of WM HK Company. WM WFOE is principally engaged in the development and promotion of technology of vehicles.

WMMT is a company incorporated in the PRC with limited liability. The WMMT Group owns the “Weltmeister (威馬汽車)” brand and is principally engaged in the manufacturing and sales of electric vehicles. WMMH (through the WM HK Company and WM WFOE) holds approximately 75.4% equity interest of WMMT, and WMMT is an indirect non-wholly owned subsidiary of WMMH.

Mr. Freeman Shen is one of the founders of the WMMT Group, who holds approximately 23.4% of WM Shares through Timeless Hero as at the date of this announcement.

Timeless Hero is a company incorporated in the BVI with limited liability. It is a discretionary trust established by Mr. Freeman Shen (as the settlor) with Mr. Freeman Shen and his family members as the discretionary beneficiaries. As at the date of this announcement, it holds approximately 23.4% of WM Shares.

Mr. Du Ligang is one of the founders of the WMMT Group, who holds approximately 6.2% of WM Shares through Ellena as at the date of this announcement.

Ellena is a company incorporated in the BVI with limited liability. It is principally engaged in investment holding and Mr. Du Ligang is its sole shareholder. As at the date of this announcement, it holds approximately 6.2% of WM Shares.

LISTING RULES IMPLICATIONS

As the Share Purchase Agreement and the Share Exchange Agreement are entered into by the Group involving the acquisition of interests in one particular company and are expected to complete within 12 months, the acquisition of the WM Shares contemplated under the Share Purchase Agreement and the Share Exchange Agreement will be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Share Purchase Agreement and the Share Exchange Agreement on an aggregate basis is more than 5% but less than 25%, the acquisition of the WM Shares contemplated under the Share Purchase Agreement and the Share Exchange Agreement (as aggregated) constitutes a discloseable transaction of the Company which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As all of the applicable percentage ratios in respect of the disposal of the Sale Shares are below 5%, the disposal of the Sale Shares does not constitute a discloseable transaction and is not subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Acquisition”	the acquisition of the WM Series D Shares by SAIL from WMMH pursuant to the terms and conditions of the Share Purchase Agreement
“Acquisition Consideration”	consideration for the Acquisition in the amount of US\$70 million
“Apollo”	Apollo Future Mobility Group Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 860)
“Apollo Shares”	ordinary share(s) in the capital of Apollo with nominal value of HK\$0.1 each

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Shun Tak Holdings Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 242)
“Director(s)”	director(s) of the Company
“Ellena”	Ellena Limited, a company incorporated in the BVI with limited liability
“Escrow Account”	the escrow account to be set up, maintained and operated in accordance with the Escrow Agreement
“Escrow Agent”	Citibank, N.A., Hong Kong branch, the escrow agent to be engaged pursuant to the Escrow Agreement
“Escrow Agreement”	the escrow agreement to be entered into by SAIL, WMMH and the Escrow Agent in relation to the operation of the Escrow Account
“Founders”	Mr. Freeman Shen (沈暉) and Mr. Du Ligang (杜立剛)
“Founder Holdcos”	Timeless Hero and Ellena
“Founder Parties”	the Founders and the Founder Holdcos
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies) not connected with the Company or its connected persons
“Last Trading Day”	30 September 2021
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Memorandum and Articles”	the amended and restated memorandum and articles of association of WMMH
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Qualified IPO”	the closing of a firm commitment underwritten public offering of the ordinary shares of WMMH on a recognised securities exchange pursuant to the terms set out in the Shareholders Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“SAIL”	Step Ahead International Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“Sale Shares”	137,360,000 Apollo Shares
“Series D Preferred Shares”	series D preferred shares of WMMH
“Share(s)”	share(s) of the Company
“Share Exchange”	the exchange of Sale Shares and WM Exchange Shares between SAIL and WMMH pursuant to the Share Exchange Agreement
“Share Exchange Agreement”	a share exchange agreement dated 4 October 2021 entered into between SAIL and WMMH in relation to the exchange of Sale Shares and WM Exchange Shares
“Share Exchange Business Day(s)”	any day (excluding a Saturday, Sunday or public holidays and days on which a tropical cyclone warning No. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which commercial banks in Hong Kong are normally open for business
“Share Exchange Closing”	closing of the Share Exchange in accordance with the terms and conditions of the Share Exchange Agreement

“Shareholder(s)”	the holder(s) of the Shares
“Shareholders Agreement”	the shareholders agreement of WMMH entered or to be entered into between WMMH and its shareholders, as amended and restated from time to time
“Share Purchase Agreement”	a share purchase agreement dated 4 October 2021 entered into between SAIL, WMMH, WM HK Company, WM WFOE and the Founder Parties in relation to the Acquisition
“SPA Business Day(s)”	any day that is not a Saturday, Sunday, legal holiday or other day on which commercial banks are required or authorized by law to be closed in the PRC, Hong Kong, or the Cayman Islands
“SPA Closing”	closing of the Acquisition in accordance with the terms and conditions of the Share Purchase Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Timeless Hero”	Timeless Hero Limited, a company incorporated in the BVI with limited liability
“Transaction Documents”	the Share Purchase Agreement, the Memorandum and Articles and the Shareholders Agreement
“US\$”	U.S. dollars, the lawful currency of the United States of America
“US GAAP”	Generally Accepted Accounting Principles in the United States of America
“Warrantors”	WMMH, WM HK Company, WM WFOE and the Founder Parties
“WM Exchange Shares”	15,042,925 Class A ordinary shares of WMMH
“WM Group”	WMMH and its subsidiaries

“WM HK Company”	WM Motor Global Investment Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of WMMH
“WM Series D Shares”	89,334,235 Series D Preferred Shares
“WM Shares”	the total issued ordinary and preferred shares in the capital of WMMH
“WM WFOE”	Weltmeister Automotive Technology (Shanghai) Co., Ltd. (威爾瑪斯特汽車科技(上海)有限公司), a company incorporated in the PRC with limited liability
“WMMH”	WM Motor Holdings Limited, a company incorporated in the Cayman Islands with limited liability
“WMMT”	WM Motor Smart Mobility Technology (Shanghai) Co., Ltd. (威馬智慧出行科技(上海)股份有限公司), a company incorporated in the PRC with limited liability
“WMMT Group”	WMMT and its subsidiaries
“%”	per cent.

In this announcement, unless the context otherwise requires, the terms “applicable percentage ratio”, “connected person(s)” and “subsidiary(ies)” shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.

Certain amounts and percentage figures set out in this announcement have been subject to rounding adjustments.

By order of the Board
SHUN TAK HOLDINGS LIMITED
Angela Tsang
Company Secretary

Hong Kong, 4 October 2021

As at the date of this announcement, the executive Directors are Ms. Pansy Ho, Ms. Daisy Ho, Ms. Maisy Ho, Mr. David Shum and Mr. Rogier Verhoeven; and the independent non-executive Directors are Mr. Norman Ho, Mr. Charles Ho, Mr. Michael Wu and Mr. Kevin Yip.