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apollo

APOLLO FUTURE MOBILITY GROUP LIMITED

力世紀有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 860)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2021
AND
PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

The board (the “Board”) of directors (the “Directors”) of Apollo Future Mobility Group Limited (“AFMG” or the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 30 September 2021 (the “Year”), together with the comparative figures for the year ended 30 September 2020, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 30 September 2021

	Notes	2021 HK\$'000	2020 HK\$'000
REVENUE	3	528,559	357,705
Cost of sales		<u>(397,051)</u>	<u>(231,790)</u>
Gross profit		131,508	125,915
Other income		18,878	18,812
Other gains/(losses), net		(40,230)	36,713
Selling and distribution expenses		(42,937)	(56,553)
General and administrative expenses		(294,763)	(170,649)
Research and development costs		(77,811)	(28,643)
Other expenses		(1,124)	(149)
Finance costs		(6,823)	(8,253)
Share of profits and losses of:			
Joint venture		(2)	(6)
Associates		(42,905)	4,847
LOSS BEFORE TAX	4	(356,209)	(77,966)
Income tax expense	5	(3,144)	(281,397)
LOSS FOR THE YEAR		<u>(359,353)</u>	<u>(359,363)</u>
Attributable to:			
Owners of the Company		(349,589)	(345,177)
Non-controlling interests		(9,764)	(14,186)
		<u>(359,353)</u>	<u>(359,363)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic		<u>HK(4.51) cents</u>	<u>HK(4.81) cents</u>
Diluted		<u>HK(5.05) cents</u>	<u>HK(4.81) cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 September 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
LOSS FOR THE YEAR	(359,353)	(359,363)
OTHER COMPREHENSIVE INCOME/ (LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(61,697)	31,382
Reclassification adjustments for foreign operations disposed of during the year	<u>3,676</u>	<u>(4,269)</u>
	(58,021)	27,113
Share of other comprehensive income of a joint venture and an associate	<u>2,070</u>	<u>1,430</u>
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR	<u>(55,951)</u>	<u>28,543</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(415,304)</u>	<u>(330,820)</u>
Attributable to:		
Owners of the Company	(413,136)	(319,444)
Non-controlling interests	<u>(2,168)</u>	<u>(11,376)</u>
	<u>(415,304)</u>	<u>(330,820)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

	<i>Notes</i>	2021	2020
		HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		103,323	102,834
Investment properties		12,825	63,228
Right-of-use assets		100,696	73,394
Goodwill		2,146,526	1,994,520
Other intangible assets		296,559	310,290
Interest in a joint venture		379	381
Interests in associates		–	25,365
Financial assets at fair value through profit or loss		1,010,742	1,028,342
Loans receivable		52,442	26,656
Deferred tax assets		18,619	5,934
Deposits		7,675	9,856
		<hr/>	<hr/>
Total non-current assets		3,749,786	3,640,800
CURRENT ASSETS			
Inventories		173,352	172,662
Accounts receivable	8	54,183	17,772
Contract assets		2,684	–
Loans receivable		652,062	678,055
Prepayments, deposits and other receivables		294,392	621,183
Financial assets at fair value through profit or loss		1,011	1,376
Tax recoverable		4,140	1,481
Cash and cash equivalents		150,053	184,541
		<hr/>	<hr/>
Total current assets		1,331,877	1,677,070

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)*At 30 September 2021*

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
CURRENT LIABILITIES			
Accounts payable	9	82,735	44,319
Other payables and accruals		312,651	297,705
Interest-bearing bank and other borrowings		105,371	147,474
Lease liabilities		11,312	8,099
Contingent consideration payable		742,882	–
Tax payable		22,644	372,278
Total current liabilities		1,277,595	869,875
NET CURRENT ASSETS		54,282	807,195
TOTAL ASSETS LESS CURRENT LIABILITIES		3,804,068	4,447,995
NON-CURRENT LIABILITIES			
Other payables		10,808	15,909
Interest-bearing bank borrowings		17,343	19,561
Lease liabilities		36,458	15,068
Contingent consideration payables		53,460	619,069
Deferred tax liabilities		46,417	44,996
Total non-current liabilities		164,486	714,603
Net assets		3,639,582	3,733,392
EQUITY			
Equity attributable to owners of the Company			
Issued capital	10	798,279	717,019
Reserves		2,860,418	2,890,176
		3,658,697	3,607,195
Non-controlling interests		(19,115)	126,197
Total equity		3,639,582	3,733,392

1. CORPORATE INFORMATION

Apollo Future Mobility Group Limited was incorporated in the Cayman Islands as an exempted company with limited liability. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is located at Units 2001–2002, 20/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Sheung Wan, Hong Kong.

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through profit or loss and contingent consideration payables which have been measured at fair value. The financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the “Conceptual Framework”) sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the

concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

- (b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 October 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.
- (d) Amendment to HKFRS 16 (the “2020 Amendment”) provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease.

In April 2021, the HKICPA issued an amendment to HKFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021* to extend the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months (the “2021 Amendment”). Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The 2020 Amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 and the 2021 Amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of accumulated losses at the beginning of the current accounting period. Earlier application is permitted.

The Group has adopted the 2020 Amendment and early adopted the 2021 Amendment on 1 October 2020. Since the Group did not apply the practical expedient to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic, the amendments did not have any impact on the financial position and performance of the Group.

- (e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

3. REVENUE

An analysis of revenue is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from contracts with customers		
Sales and distribution of vehicles and related components, provision of engineering services and licencing income	104,845	3,545
Sales of jewellery products, watches and other commodities	<u>377,246</u>	<u>291,931</u>
	<u>482,091</u>	<u>295,476</u>
Revenue from other sources		
Interest income from loan financing	45,115	45,950
Rental income from investment properties	<u>1,353</u>	<u>16,279</u>
	<u>46,468</u>	<u>62,229</u>
	<u>528,559</u>	<u>357,705</u>

4. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Cost of inventories sold	377,177	236,897
Reversal of write-down of inventories to net realisable value	(1,121)	(10,955)
Impairment of goodwill*	–	29,555
Impairment of accounts receivable, net*	1,302	177
Impairment of loans receivable, net*	12,547	29,102
Impairment of other intangible assets*	–	27,135
Fair value losses/(gains) on financial assets at fair value through profit or loss, net*	(21,885)	133,337
Fair value losses on contingent consideration payables, net*	56,008	21,850
Fair value losses on investment properties*	121	26,638
Gain on expropriation of investment properties*	–	(315,940)
Loss/(gain) on disposal of subsidiaries*	<u>(35,840)</u>	<u>10,204</u>

* Included in "Other gains/(losses), net" on the face of the consolidated statement of profit or loss.

5. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2020: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current:		
Hong Kong		
Charge for the year	3,594	1,724
Overprovision in prior years	(631)	(423)
Elsewhere		
Charge for the year	10,782	72,405
Land appreciation tax	–	281,209
Deferred	<u>(10,601)</u>	<u>(73,518)</u>
Total tax charge for the year	<u><u>3,144</u></u>	<u><u>281,397</u></u>

6. DIVIDEND

The board of directors of the Company does not recommend the payment of any dividend in respect of the year (2020: Nil).

7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 7,747,285,685 (2020: 7,170,198,562) in issue during the year.

The calculation of the diluted loss per share amount for the year ended 30 September 2021 is based on the loss for the year attributable to ordinary equity holders of the Company, adjusted for the effect of dilutive potential ordinary shares arising from adjustment to the share of loss of an associate. The weighted average number of ordinary shares used in the calculation of the diluted loss per share amount for the year ended 30 September 2021 is the number of ordinary shares in issue during the year, as used in the basic loss per share calculation, as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amount presented.

No adjustment has been made to the basic loss per share amount presented for the year ended 30 September 2020 in respect of a dilution as the impact of the adjustment to the share of profit of an associate and the share options outstanding had an anti-dilutive effect on the basic loss per share amount presented.

The calculations of basic and diluted loss per share are based on:

Loss

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss attributable to ordinary equity holders of the Company, used in the basic loss per share calculation	(349,589)	(345,177)
Effect of dilutive potential ordinary shares arising from adjustment to the share of loss of an associate	(41,397)	–
	<u>(390,986)</u>	<u>(345,177)</u>
Loss attributable to ordinary equity holders of the Company, used in the diluted loss per share calculation	<u>(390,986)</u>	<u>(345,177)</u>

Shares

	Number of shares	
	2021	2020
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculations	<u>7,747,285,685</u>	<u>7,170,198,562</u>

8. ACCOUNTS RECEIVABLE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Accounts receivable	56,257	18,545
Impairment	(2,074)	(773)
	<u>54,183</u>	<u>17,772</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance may be required. The credit period is generally one month, extending up to three months or more for certain customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances. Accounts receivable are non-interest-bearing.

An ageing analysis of the accounts receivable as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	42,209	13,629
31 to 60 days	1,324	2,137
61 to 90 days	6,876	962
Over 90 days	3,774	1,044
	<u>54,183</u>	<u>17,772</u>

9. ACCOUNTS PAYABLE

An ageing analysis of the accounts payable as at the end of the reporting period, based on the invoice date, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	12,439	30,768
31 to 60 days	1,071	–
61 to 90 days	22	149
Over 90 days	69,203	13,402
	<u>82,735</u>	<u>44,319</u>

10. ISSUED CAPITAL

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Authorised:		
10,000,000,000 ordinary shares of HK\$0.1 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
7,982,794,562 (2020: 7,170,198,562) ordinary shares of HK\$0.1 each	<u>798,279</u>	<u>717,019</u>

A summary of movements in the Company’s issued capital during the year is as follows:

	Number of ordinary shares in issue '000	Issued capital HK\$'000
At 1 October 2020	7,170,199	717,019
Issue of subscription shares (<i>note</i>)	<u>812,596</u>	<u>81,260</u>
At 30 September 2021	<u><u>7,982,795</u></u>	<u><u>798,279</u></u>

Note:

During the year, 812,596,000 ordinary shares of the Company of HK\$0.1 each were allotted and issued at a subscription price of HK\$0.46 per share to certain subscribers for a total cash consideration, before expenses, of approximately HK\$373,794,000.

11. BUSINESS COMBINATION

The Group entered into a sale and purchase agreement on 31 October 2019 and supplemental agreements on 12 December 2019, 13 March 2020, 11 June 2020, 15 September 2020 and 14 December 2020 with three independent third parties (the “Ideenion Vendors”), pursuant to which the Group conditionally agreed to purchase, and the Ideenion Vendors conditionally agreed to sell, the entire issued share capital of Ideenion Automobil AG (“Ideenion”), which together with its subsidiaries (collectively, the “Ideenion Group”) are principally engaged in the design, development and prototyping of internal combustion engine vehicles and new energy vehicles (the “Ideenion Acquisition”). The Ideenion Acquisition was completed on 10 February 2021. Further details of the Ideenion Acquisition are set out in the announcements of the Company dated 31 October 2019 and 10 February 2021 and the circular of the Company dated 24 December 2020.

The aggregate consideration for the Ideenion Acquisition comprises (i) an initial cash consideration of Euro (“EUR”) 15,000,000; and (ii) depending on the audited consolidated net profit after tax of the Ideenion Group for each of the three financial years ended/ending 30 June 2021, 2022 and 2023 as shown in the audited consolidated financial statements of the Ideenion Group prepared in accordance with International Financial Reporting Standards, further cash considerations of up to EUR4,200,000 are to be paid and further consideration shares with an aggregate value of up to approximately EUR16,800,000 are to be allotted and issued by the Company to the Ideenion Vendors.

The major identifiable assets acquired through this business combination include, amongst others, property, plant and equipment, and other intangible assets. Accordingly, the Group has recognised identifiable net assets of HK\$30,817,000 and goodwill of HK\$232,718,000 in accordance with HKFRS 3 (Revised) *Business Combinations*.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Automobile Market

With the continuous impact from the Covid-19 pandemic (the “Pandemic”) which disrupted global trade, supply chain, logistic and economic growth, the global automobile sales are expected to reach 66 million units in 2021, according to Statista. Meanwhile, with policy supports, purchase incentives and other technology enhancements, electric vehicles (“EV(s)”) exhibited strong growth momentum during the Pandemic period. According to the International Energy Agency (the “IEA”), sales of EVs in 2021 perpetuated the strong momentum inherited from 2020. For the first quarter of 2021, global EV sales were nearly 2.5 times higher than the sales in the corresponding period in 2020.

Statistics collected by the UK-based technology consultancy IDTechEx illustrated further that the world’s three largest EV markets, namely the People’s Republic of China (“PRC”), the USA and Europe all experienced rapid growth in EV sales during the first half of 2021. According to research firm Canalys, approximately 2.6 million EVs were sold around the world during the six-month period, representing a year-on-year increase of 160%. China remained the world’s top EV market, with approximately 1.1 million EVs sold in the first half, accounting for 12% of the world total.

IDTechEx said global passenger EV sales are on track to five million units by the end of 2021. This projected sales volume will represent a compound annual growth rate (“CAGR”) of about 86% since 2011, indicating that the global EV market has been able to continue to grow strongly, even with the impact from the Pandemic. The robust momentum has been facilitated by policy support. The US Government set out a US\$174 million commitment package, including building of charging infrastructure and boosting federal tax credits for EV ownership, to support uptakes in EV popularity, aiming at reaching a new target of 50% electrification by 2030.

The PRC government has postponed the deadline for terminating its new energy vehicle (“NEV(s)”) subsidy programme from the original end-2020 to 2022, as part of the country’s series of measures to support the NEV market under the impact of the Pandemic. According to the IEA, this subsidy programme has supported development of EV models with better fuel economy, longer driving ranges and higher-density batteries, and facilitated improvements in EV technologies over time.

Power Technology, one of the leading titles covering the global energy industry said rapid penetration of EVs was seen in the PRC, North America, and Europe, followed by Japan and other countries in Asia Pacific. The remainder of the world markets were closely picking up. According to PriceWaterhouseCoopers, the battery electric vehicles market share in China almost doubled from 5.2% during the first six months of 2020 to 9.8% in 2021, propelled by the extension of government subsidies, overtaking the 10 countries in Western Europe.

Engineering Service Outsourcing

According to Reports and Data, the automotive engineering services market is expected to experience rapid growth and reach US\$271.86 billion in value by 2028, from US\$140.63 billion in 2020. The growth in automotive engineering services outsourcing (“ESO”) is primarily driven by raising research and development (“R&D”) spending by automotive original equipment manufacturer (“OEM(s)”) to catch up with market trends. Automotive ESO providers are increasingly categorized as crucial partners playing pivotal roles in accelerating product development cycles and reducing costs and time otherwise spent by automotive OEMs in the rapidly-changing landscape of the world automotive sector.

The increasing outsourcing activities by automotive OEMs are also contributing to the development of ESO as an industry. Approximately US\$8 billion a year in aggregate will be spent on ESO series by key automotive OEMs which adopt ESO strategies, such as (amongst others) BMW, Volkswagen, Renault, Daimler and Ford (according to Reports and Data). These OEMs are taking advantage of the operational cost savings from outsourcing to ESO providers, freeing up more resources for their core activities of manufacturing, marketing and brand-building.

Hypercar Market

The global hypercar market, after having grown from US\$13.23 billion in 2020 to US\$18.34 billion in 2021, will accelerate even further from approximately 38.6% projected in 2021 to 40.3% CAGR between 2021 and 2025, with recovery of the industry from the Pandemic and the new normal operating conditions setting in. The global hypercar market expects to reach US\$71.05 billion in total value, as projected by ReportLinker.

During the Year, major automotive OEMs continued to launch their new hypercar models which strive to push boundaries of performance excellence. Hypercars have evolved to be showcases of technological and design edges that automotive OEMs launch to ascend and reinforce their industry positioning. They have become the apex of automotive OEM's engineering and design spectrums, implementing cutting-edge features to the manufactured versions to give drivers a more pleasurable driving experience.

BUSINESS REVIEW

During the Year, the Group reinforced its position in the market as one of the leading mobility technology solutions providers, drawing on research outputs and engineering excellence from its hypercar development unit, while still persisting in developing its proprietary future mobility technologies. The Group continued its deep dive into the three business pillars: Engineering Services Outsourcing, Technology Development and Automobile Manufacturing.

Engineering Service Outsourcing

Completion of the Ideenion Acquisition

In February 2021, the Group completed the acquisition of the entire issued share capital of Ideenion, a German automotive engineering service provider. Ideenion's automotive industry expertise covers a wide range of activities encompassing ideation, design, modeling, engineering, simulation, validation & testing, and prototype production, to the delivery of pre-production prototypes to OEM clients. Leveraging the expertise and experience of Ideenion in the auto industry, the Group is further strengthening its ability in providing cutting edge mobility solutions, and is exploiting substantial synergies with the Group's other business segments and investments in the mobility business.

Establishment of a new facility in Wolfsburg, Germany

In May 2021, the Group established a new facility in Wolfsburg, Germany to reinforce its presence in the ESO market segment. This facility, strategically placed in Wolfsburg, known as being the home of Volkswagen AG's headquarters and one of the world's largest automotive plant, represents the next logical step for Group's strategy. The facility, together with the Group's ESO business unit in Germany, collectively the "AFMG Germany Operation" has been working with various OEMs, start-ups and suppliers from all over the world to realize concept cars and other technology demonstrator and component projects of world-leading quality. This represents a strategic expansion of the automotive ESO offerings from the Group's main site in Gaimersheim. The AFMG Germany Operations will facilitate the development of projects for the mobility of future and promote future innovations.

Technology Development

The Group's R&D team continued to achieve breakthroughs in developing proprietary technologies and updating its existing technologies.

The Crate Powertrain

The Crate Powertrain, developed by Apollo Advanced Technologies (AAT), embodies AAT's innovations that empower the transition to 800V systems for EVs. It features a 3 in 1 Dual Inverter (1 PDU & 2 Inverters) utilising the latest generation 800V Silicon Carbide Technology for higher efficiency. 2 entirely new 800V Axial Flux E-Motors are mounted within the chassis and coupled with planetary gearboxes, provide a compact and elegant transmission unit. This presents a unique dual-motor layout with torque vectoring, replacing the heavy and complex differential assembly, and gives OEM customers significant flexibility for drivetrain integration into both new and existing vehicle systems.

Automobile Manufacturing

Apollo IEs delivered

During the Year, a total of two Apollo Intensa Emozione ("Apollo IE") vehicles were delivered. Apollo IE represents the apex of the Group's internal combustion engine ("ICE") hypercar design and engineering expertise. All ten vehicles had been sold prior to the commencement of production and delivery started in November 2019.

Launch of Apollo Project EVO

The Apollo Project EVO was unveiled in November 2021 in China International Import Expo (“CIIE”). The successor of the critically acclaimed Apollo IE hypercar, The Apollo Project EVO is commissioned with a simple brief to deliver raw emotion without compromise. It features an advanced carbon monocoque and a handling package that ensure raw power and emotional aesthetics are matched by peerless handling and driving dynamics.

The dominant, star-shaped daytime running lights introduce a new fascia signature detail for the Apollo Automobil brand. The rear design celebrates 6 points of light illumination to communicate power and speed. Three large circular exhaust pipes express the raw power of the vehicle from a dead-rear angle. A full suite of active aerodynamics includes a large deployable and adjustable rear spoiler, aero fins and triangular air-intakes that dominate the profile view of the vehicle. The Apollo Project EVO is a dramatically sculpted piece of design that always continues to offer an intense and emotional visual experience.

Launch of Apollo EVision S

The Apollo EVision S was unveiled in November 2021 in CIIE. A progressive showcase of Apollo Automobil’s vision for the future of electric mobility, the Apollo EVision S concept takes the best of the Apollo IE design and technical philosophy showcased in Apollo’s hypercars and overlays this into a more approachable and universal package for daily use. At Apollo EVision S, the iconic design feature of growing encapsulated triangles, “Fast Forward” is inspired by a volcano eruption. The tension between the growing scale of the elements builds up a very dynamic surface image which is pushing forward. The four-seater setup of Apollo EVision S with a length of less than 5 meters and a width of less than 2 meters gives a high usability even for families and a great and bold appearance on the street. It demonstrates Apollo’s trajectory towards new clean-air powertrains.

Proposed cooperation with Shanghai Jinqiao

In March 2021, the Group entered into a cooperation framework agreement (the “Cooperation Framework Agreement”) with Shanghai Jinqiao Export, Processing Zone Development Co., Ltd. (a company listed on the Shanghai Stock Exchange) in relation to a proposed cooperation on the production and R&D of technology and products related to high performance sports EVs and luxury EVs in Shanghai Jinqiao Economic and Technological Development Zone situated in Pudong New Area, Shanghai, where the Group plans to establish a R&D center, regional headquarters and production lines. The proposed cooperation will further strengthen the Group's position in the NEV industry by capturing the huge demand and rising opportunities for high performance electric sports cars and luxury EVs in China, thus is an important move in terms of the Group's business strategy of building a complete value chain for EVs.

Further details of the Cooperation Framework Agreement are set out in the announcement of the Company dated 30 March 2021.

Putting the Group's EV business in China into perspective, the “Apollo EV (China)” business unit was established during the Year. Apollo EV (China) debuted its activities with the unveiling of its first concept car Apollo EVision S in China International Import Expo in 2021.

UME awarded the “Best of Best” in Automotive Brand Contest 2021 in Germany

The Group's urban delivery vehicle under its UME brand, developed by its German team, was awarded the title of “Best of Best” in the “Commercial” category in the Automotive Brand Contest 2021 organized by German Design Council. The UME, meaning “Utility Meets Electric”, is designed to be a cost and time effective tool to fulfill the last mile in the supply chain, constituting a green solutions package aiming at reducing carbon emissions of the transportation sector that is still prevalent in conventional fossil-fuel-powered light urban delivery trucks commonly used in developing countries. The UME can be open to numerous use-cases depending on the customer's individual requirements. It consists of symmetric parts, essentially reducing the number of parts required to increase manufacturing cost-effectiveness by allowing the same tooling for multiple uses.

Milestone participation in China International Import Expo 2021

The Group participated in CIIE held in November 2021 for the second consecutive year. This milestone participation reinforced the Group's positioning as a developer of hypercars in the ICE vehicle segment and EVs in NEV segment. In CIIE 2021, the Group unveiled the latest concept car models for both ICE and NEV product lines for the Year and also showcased the latest cutting-edge mobility technology the Crate Powertrain demonstrator and the Mule Chassis, the all-carbon monocoque of the Apollo IE. The CIIE attracted participations of some 3,000 exhibitors from 127 countries and regions.

Following the success of the Group's participation in CIIE, the Group hosted APOLLO FIRE AND ICE showcase in Macau and a showcase themed "THE ULTIMATE SUSTAINABLE FUTURE OF MOBILITY" in Hong Kong in November and December 2021 respectively, where the Group reported progress of its latest innovations and gained positive feedback from industry peers, media and wider drivers community.

Other Corporate Developments

Enlarged shareholder base with a HK\$374 million issuance of new shares

During the Year, 812,596,000 Shares were allotted and issued to no less than six subscribers (the "Subscribers") at a subscription price of HK\$0.46 per Share for a total cash consideration, before expenses, of approximately HK\$373,794,000 (the "Subscriptions"). The Subscriptions have strengthened the financial position of the Group and is expected to facilitate the Group's efforts in exploring potential cooperation and future development of mobility businesses with different strategic partners. Further details of the Subscriptions are set out in the announcement of the Company dated 7 December 2020.

EV Power welcomed investments from a listed telco giant

In February 2021, EV Power Holding Limited ("EV Power"), an associate and a significant investment of the Group which is engaged in EV charging piles construction in Hong Kong and mainland China, completed the allotment and issue of certain preferred shares of EV Power to a Hong Kong-listed global telecommunications services provider. The Group took the lead to invest in EV Power in 2018 as part of its transformation into a mobility solutions provider and remains as the EV Power's largest shareholder thereafter. EV Power is the largest charging point operator in the PRC in terms of number of charging sites

in operation in residential areas. It operates over 7,000 charging sites and over 32,000 charging piles (or 55,000 charging bays) covering over 30 major cities in the country.

With the increasing popularity of EVs, EV charging equipment is bound to become the focus of development in the industry, conferring enormous growth potential. The Group considers this a good opportunity for EV Power to establish a strategic partnership with the new investor and raise additional funds to finance its business operations and expansions to further cement EV Power's foothold in the EV charging solutions industry.

Further details of the investment by the said Hong Kong-listed global telecommunications services provider are set out in the announcement of the Company dated 25 February 2021.

Raised HK\$163.8 million through issue of convertible bonds

On 8 September 2021 and 13 September 2021, the Group entered into agreements with several professional investors including, among others, the entities controlled by Mr. Li Ka Shing and Ms. Chau Hoi Shuen Solina Holly respectively for issuance and subscription of convertible bonds under a general mandate to raise HK163.8 million in aggregate (the "Subscriptions of Convertible Bonds"). The Group intends to apply the net proceeds from the issue for the investment in business opportunities to expand into the mobility technology solutions and related business, and as general working capital. The issuance represents a good opportunity to raise additional funds to strengthen the financial position and broaden the capital base of the Group and facilitate its future development. It is an appropriate means of raising additional capital since it will not have an immediate dilution effect on the shareholding of the existing shareholders. In the event that the convertible bonds are converted into shares of the Company, the Group can improve its capital base, benefiting its long-term development.

Further details of the Subscriptions of Convertible Bonds are set out in the section headed "Issue of Listed Securities of the Company and Use of Proceeds" below and the announcements of the Company dated 8, 9 and 13 September 2021.

WM Motor becoming the largest shareholder of AFMG

After the reporting period, WM Motor Holdings Limited (“WM Motor”), a major player in China’s mainstream electric vehicle market, became the largest shareholder in the Group with 28.5% equity interest in AFMG via an array of share exchange arrangements.

With WM Motor’s significant shareholding in AFMG, AFMG and WM Motor will be able to exploit synergies for the benefits of businesses of each other. WM Motor will be able to tap the EV design, advanced engineering expertise, proprietary technologies of AFMG with full support from the two bases in Germany, the EV platform support from GLM Co., Ltd. (a subsidiary of the Company) and the world's first 3D metal printing automotive manufacturing platform and assembly system from Divergent 3D, and solid experiences in serving the world’s Tier-1 automobile brands, for development of new EV models and product series and enhancing product quality. WM Motor’s established EV manufacturing facilities and distribution networks will be able to facilitate AFMG’s EV businesses in China.

Other Legacy Businesses

During the Year, the Group entered into an agreement to dispose of a subsidiary which mainly operates the business of property investment in Mainland China. The Directors believe that the disposal will enable the Group to avoid risks of uncertainty in its operations in the property market and the Group could focus its capital and management resources on further developing the Group’s more promising mobility technology solutions businesses. The Group plans to continue gradually phasing out its legacy businesses as part of its rebranding exercise. Further details of the disposal are set out in the section headed “Material Acquisitions or Disposals” below.

PROSPECTS AND OUTLOOK

Judging from the trends in sales volumes and attitudes from Governments in adopting EVs, the NEV industry has accumulated strong momentum to grow even with the impact of delays brought by the Pandemic.

As the prices of EVs continue to fall and more models become available, the world is approaching a pivot that will trigger even more rapid growth for EVs, with an improving market environment, to be participated by more countries around the world in the run-up to 2030.

World Resources Institute considers that the accelerating EV adoption has been a result of a number of conditions ripen within a specific time period, including better infrastructure like more readily available charging stations, policy-driven incentives for EV purchases and charging infrastructure construction, and better battery and energy-efficiency technologies. These had made batteries cost less, resulting in more affordable prices for EVs, thereby making them more popular. There are increasing number of countries adopting initiatives to phase out ICE vehicles as part of their pledges to achieve zero emission.

The Group will continue to ride on this improving EV adoption trend as it has cemented its positioning as a leader of accelerated innovation in the mobility industry. The Group accomplished this by empowering a global network of the best technical minds from Germany, Japan, China and other important mobility technology hubs in the world to deliver advanced solutions and proprietary technology to respond to a global demand to deliver a mobility transition that will define many generations to come.

The Group delivers a full suite of services to the industry that accelerate innovation, ranging from design, engineering, simulation, prototyping, prototype testing to all the way to pre-production prototypes. As the Group's engineering expertise and capacity ramp up in the base campuses in Germany, it continues to expand footholds in its ESO businesses by reinforcing businesses with existing OEM customers while exploring opportunities with new clients, both from the league of established automobile brands and the emerging group of other companies aspiring to enter into the EV industry.

The Group will also continue to develop its proprietary technologies including the new generation SiC dual power 800V inverter system and the Crate Powertrain to reinforce its leadership position in this area.

As far as hypercar production is concerned, the Group has reacted positively to feedback from end-user driver customers to distill its world-leading expertise in the development of performance automotive platforms into hypercar models that interpret the very peak and zenith of latest era of performance mobility. The Group looks forward to delivering this ultimate expression of naturally aspirated performance machines, via Apollo Project EVO for the ICE segment and the Apollo EVision electric sports coupe for the EV segment, to the well-defined and prestigious customer base, including but not limited to the young, affluent Chinese consumers with a taste for immersive high-performance motorsports.

WM Motor's participation will take the Group's ESO and NEV businesses to the next level with their established branding, commercial production capacities, marketing, and distribution resources. Meanwhile, the Group's cutting-edge design, engineering backing, proprietary technologies, and exquisite experiences in serving Tier-1 auto brands will elevate WM Group's products design and quality, and branding. We look forward to exploiting further synergies with WM Group to tread deeper into the NEV industry chain and establish stronger footholds for both of us in the NEV industry in China and overseas markets.

The Group will continue to study feasibility of working more closely with its business partners, OEM customers and other stakeholders to unlock further potential from the changing product development and manufacturing landscape brought by the advent of the EV evolution.

FINANCIAL REVIEW

During the Year, the revenue of the Group increased by approximately 47.8% year-on-year to approximately HK\$528.6 million as compared to approximately HK\$357.7 million last year. The revenue comprised sales and distribution of vehicles and related components, provision of engineering services and licensing income of approximately HK\$104.8 million (2020: HK\$3.5 million), sales of jewellery products, watches and other commodities of approximately HK\$377.2 million (2020: HK\$291.9 million), interest income from loan financing of approximately HK\$45.1 million (2020: HK\$46.0 million) and rental income from investment properties of approximately HK\$1.4 million (2020: HK\$16.3 million). During the Year, sales and distribution of vehicles and related components, provision of engineering services and licensing income increased due to (i) the delivery of Apollo IEs during the Year; (ii) the revenue contributed by Ideenion Group following the completion of the acquisition of Ideenion during the Year; and (iii) the licensing income from the license of vehicular platform. Sales of jewellery products, watches and other commodities increased due to improved sentiment in the retail market. Income from loan financing remained stable. In addition, rental income decreased as certain investment properties in Shenyang, PRC were expropriated by the local government.

The Group's gross profit amounted to approximately HK\$131.5 million for the Year as compared to approximately HK\$125.9 million last year. The gross profit margin decreased to approximately 24.9% (2020: 35.2%) mainly due to (i) the change of sales mix during the Year; and (ii) the decrease in margin from the sales of jewellery products, watches and other commodities to boost sales.

Other gains and losses, net for the Year mainly comprised: (i) gain on disposal of subsidiaries of approximately HK\$35.8 million (2020: loss on disposal of a subsidiary of approximately HK\$10.2 million); (ii) impairment of loans receivable of approximately HK\$12.5 million (2020: HK\$29.1 million); (iii) impairment of prepayments, deposits and other receivables of approximately HK\$23.9 million (2020: Nil); (iv) fair value gains on financial assets at fair value through profit or loss of approximately HK\$21.9 million (2020: fair value losses on financial assets at fair value through profit or loss of approximately HK\$133.3 million); and (v) fair value losses on contingent consideration payables of approximately HK\$56.0 million (2020: HK\$21.9 million) arising from the Group's acquisitions, the increase of which is mainly due to the change in share prices of the Company as at the year-end dates, which then affects the fair value of the contingent consideration shares.

General and administrative expenses increased by 72.7% to approximately HK\$294.8 million (2020: HK\$170.6 million) mainly due to the equity-settled share option expense of approximately HK\$106.9 million (2020: HK\$3.0 million) recorded during the Year.

Income tax expense significantly decreased due to the inclusion of a one-off tax provision resulting from the expropriation of investment properties recorded last year.

As a result of the foregoing, the Group's loss for the Year was approximately HK\$359.4 million (2020: HK\$359.4 million).

Significant Investments Held

Investment in EV Power

EV Power and its subsidiaries are principally engaged in the provision of convenient, safe and cost-effective EV charging solutions in Hong Kong and the PRC. EV Power is China's largest charging point operator in terms of number of charging sites in operation in residential areas. It operates over 7,000 charging sites and over 32,000 charging piles (or 55,000 charging bays), covering over 30 major cities in the country. The Group's investment in EV Power represents an opportunity for the Group to create strong synergies with EV Power through the Group's proprietary EV technologies and thereby completing the full value chain of mobility.

Investment in Divergent

Divergent Technologies, Inc. (“Divergent”) is a company based in the United States of America which uses 3D metal printing technology through its patented hardware and software platform to conduct research, design, development and production of 3D printed vehicle structures. Not only does the patented digital manufacturing system radically reduce capital needs and design risks, it also reduces product cycle time and increases market response. The Group believes that the investment in Divergent will create synergies with the Group’s mobility businesses by vastly improving existing factory economics of automobile OEMs.

Liquidity, Financial Resources and Gearing

As at 30 September 2021, the cash and cash equivalents of the Group amounted to approximately HK\$150.1 million (2020: HK\$184.5 million), which were mainly denominated in HK\$, Renminbi (“RMB”), Euro and Japanese Yen.

The current assets and current liabilities of the Group were approximately HK\$1,331.9 million and HK\$1,277.6 million, respectively (2020: current assets of approximately HK\$1,677.1 million and current liabilities of approximately HK\$869.9 million). The net current assets comprised of inventories of approximately HK\$173.4 million (2020: HK\$172.7 million), accounts receivable, prepayments, deposits and other receivables of approximately HK\$348.6 million (2020: HK\$639.0 million), loans receivable of approximately HK\$652.1 million (2020: HK\$678.1 million) and financial assets at fair value through profit or loss of approximately HK\$1.0 million (2020: HK\$1.4 million).

The Group’s inventory turnover, accounts receivable turnover and accounts payable turnover periods for the year were 159 days, 25 days and 58 days, respectively. Overall, the turnover periods were consistent and in line with the respective policies of the Group on credit terms granted to customers and credit terms obtained from suppliers.

During the Year, the Group financed its operations and investment activities through a combination of (i) operating cashflows; and (ii) interest-bearing borrowings. As at 30 September 2021, equity attributable to owners of the Company amounted to approximately HK\$3,658.7 million (2020: HK\$3,607.2 million).

The Group’s total interest-bearing bank and other borrowings as at 30 September 2021 amounting to approximately HK\$122.7 million (2020: HK\$167.0 million) were mainly denominated in RMB and Japanese Yen. The interest-bearing bank and other borrowings were mainly used for working capital purpose and all of

which were at commercial lending variable interest rates. The maturity profile was spread over a period, with approximately HK\$105.4 million repayable within one year and approximately HK\$17.3 million repayable after one year.

The Group monitors capital on the basis of the gearing ratio. As at 30 September 2021, the gearing ratio was approximately 3.4% (2020: 4.5%). This ratio is calculated as total debts divided by total equity.

Contingent Liabilities

The Group had no significant contingent liabilities as at 30 September 2021.

Pledge of Assets

As at 30 September 2021, the Group's freehold land and buildings, certain building including right-of-use assets, investment properties and accounts receivable with an aggregate carrying amount of approximately HK\$114.9 million were pledged to secure certain bank loans to the Group of principal amount of approximately HK\$91.5 million.

Final Dividend

The Board does not recommend the payment of any dividend in respect of the Year (2021: Nil).

Capital Management

The Group's objectives when managing capital are to ensure that members of the Group will be able to continue as a going concern while maximizing the return to shareholders of the Company through the optimization of its debt and equity balance. The Group manages the amount of capital in proportion to risk, and makes adjustments to its overall capital structure through the payment of dividend, new share issues as well as the issue of new debts or the repayment of existing debts.

Foreign Exchange Exposure

The Group's sales and purchases during the Year were mostly denominated in HK\$, RMB and Japanese Yen. The Group was exposed to certain foreign currency exchange risks but it does not anticipate future currency fluctuations to cause material operational difficulties or liquidity problems. Nevertheless, the Group continuously monitors its foreign exchange position and, when necessary, will hedge foreign exchange exposure arising from contractual commitments in sourcing products from overseas suppliers.

Material Acquisitions or Disposals

As part of the Company's plan to scale down its legacy businesses including (among others) property investment, on 30 March 2021, Ming Fung Investment Holdings Limited (the "Seller"), a direct wholly-owned subsidiary of the Company, and New Viewpoints Investment Limited (the "Buyer") entered into a sale and purchase agreement, pursuant to which the Seller agreed to sell, and the Buyer agreed to acquire, the entire issued share capital of Marvel Bloom Limited ("Marvel Bloom") at a cash consideration of HK\$200 million (the "Disposal"). Marvel Bloom is principally engaged in property investment. Completion of the Disposal took place on 1 June 2021. Further details of the Disposal are set out in the announcement of the Company dated 30 March 2021.

Save as disclosed above and in this announcement, there was no other material acquisition or disposal of subsidiaries, associates or joint ventures by the Group during the Year.

Issue of Listed Securities of the Company and Use of Proceeds

Subscription of Shares

On 7 December 2020, the Company and the Subscribers (who were either private individual investors or corporations with investment holding as their principal activities) entered into a subscription agreement (the "Subscription Agreement"), pursuant to which the Subscribers agreed to subscribe for, and the Company has agreed to allot and issue to the Subscribers, an aggregate of 1,066,596,000 new Shares at a subscription price of HK\$0.46 per Share on the terms and subject to the conditions set out in the Subscription Agreement. One of the Subscribers failed to meet its obligations under the Subscription Agreement to proceed with completion, and accordingly, the corresponding subscription of 254,000,000 Shares by such Subscriber has been terminated. As at the end of the Year, 812,596,000 Shares have been allotted and issued to no less than six Subscribers

at a total cash consideration, before expenses, of approximately HK\$373,794,000. Save for the terminated subscription, the aggregate nominal value of the Shares issued under the Subscription Agreement was HK\$81,259,600 and the net subscription price was approximately HK\$0.44 per Share. The closing price per Share as quoted on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 4 December 2020, being the last trading day immediately prior to the date of the Subscription Agreement, was HK\$0.57. The total net proceeds from the Subscriptions were approximately HK\$357.8 million. The Company intended to use approximately 90% of the net proceeds, representing approximately HK\$322.0 million, for future potential acquisitions or investments in NEV-related businesses or technologies; and approximately 10% of the net proceeds, representing approximately HK\$35.8 million, for general working capital. As at the end of the Year, the net proceeds had been fully utilised for the intended purpose as previously disclosed. The Directors were of the view that the Subscriptions would provide a good opportunity to raise additional funds to finance future investment opportunities to further cement the Group’s foothold in the NEV industry. Further details of the Subscriptions are set out in the announcement of the Company dated 7 December 2020.

Subscription of Convertible Bonds on 8 September 2021

On 8 September 2021, the Company and Walong Holdings Limited (“Walong”) entered into a subscription agreement (the “Walong Agreement”), pursuant to which, on the terms and subject to the conditions therein, the Company has agreed to issue and Walong has agreed to subscribe for the convertible bonds (the “Walong Convertible Bonds”) in the principal amount of HK\$78,000,000. The Walong Convertible Bonds are convertible into the Shares and the initial conversion price of the Walong Convertible Bonds is HK\$0.55 per Share. Assuming that the conversion rights attaching to the Walong Convertible Bonds have been exercised in full and there is no adjustment to the conversion price, 141,818,181 new Shares with aggregate nominal value of HK\$14,181,818.10 will be allotted and issued.

The closing price per Share as quoted on the Stock Exchange on 8 September 2021, being the date of the Walong CB Subscription Agreement, was HK\$0.55.

The gross proceeds and the net proceeds (after deduction of relevant expenses) from the issue of the Walong Convertible Bonds were HK\$78,000,000 and approximately HK\$77,000,000, respectively. The net issue price if the conversion Shares were issued at the initial conversion price was approximately HK\$0.54. The Company intends to apply the net proceeds as follows: (a) approximately 90%, representing approximately HK\$69,300,000, will be used for investment in business opportunities in order to expand into the mobility technology solutions and related business; and (b) approximately 10%, representing approximately HK\$7,700,000, will be used for general working capital of the Group.

The subscription of the Walong Convertible Bonds offered a good opportunity to raise additional funds to strengthen the financial position and broaden the capital base of the Group so as to facilitate its future development. The Directors were of the view that the issue of the Walong Convertible Bonds would be an appropriate means of raising additional capital since (i) it will not have an immediate dilution effect on the shareholding of the existing shareholders of the Company; and (ii) in the event that the Walong Convertible Bonds are converted into Shares, the Company can improve its capital base, benefiting the long-term development of the Company.

The subscription of the Walong Convertible Bonds was completed subsequent to the end of the Year. Further details of the Walong CB Subscription Agreement are set out in the announcements of the Company dated 8 September 2021 and 9 September 2021.

Subscription of Convertible Bonds on 13 September 2021

On 13 September 2021, the Company entered into subscription agreements (the “13 September CB Subscription Agreements”) with each of Able Catch Limited, Vivaldi International Limited and 45 Yi Capital Holdings Co., Ltd (collectively the “CB Subscribers”), pursuant to which, on the terms and subject to the conditions therein, the Company has agreed to issue and the CB Subscribers have agreed to subscribe for the convertible bonds (the “13 September Convertible Bonds”) in the principal amount of HK\$85,800,000. The 13 September Convertible Bonds are convertible into the Shares at the initial conversion price of HK\$0.55 per Share. Assuming that the conversion rights attaching to the 13 September Convertible Bonds have been exercised in full and there is no adjustment to the conversion price, 156,000,000 new Shares with aggregate nominal value of HK\$15,600,000 will be allotted and issued.

The closing price per Share as quoted on the Stock Exchange on 13 September 2021, being the date of the 13 September CB Subscription Agreements, was HK\$0.55.

The gross proceeds and the net proceeds (after deduction of relevant expenses) from the issue of the 13 September Convertible Bonds were HK\$85,800,000 and approximately HK\$85,000,000, respectively. The net issue price if the conversion Shares are issued at the initial conversion price would be approximately HK\$0.54. The Company intends to apply the net proceeds as follows: (a) approximately 90%, representing approximately HK\$76,500,000, will be used for the investment in business opportunities in order to expand into the mobility technology solutions and related business; and (b) approximately 10%, representing approximately HK\$8,500,000, will be used for general working capital of the Group.

The subscription of the 13 September Convertible Bonds offered a good opportunity to raise additional funds to strengthen the financial position and broaden the capital base of the Group so as to facilitate its future development. The Directors were of the view that the issue of the 13 September Convertible Bonds would be an appropriate means of raising additional capital since (i) it will not have an immediate dilution effect on the shareholding of the existing Shareholders; and (ii) in the event that the 13 September Convertible Bonds are converted into Shares, the Company can improve its capital base, benefiting the long-term development of the Company.

The subscription of the 13 September Convertible Bonds was completed subsequent to the end of the Year. Further details of the 13 September CB Subscription Agreement are set out in the announcement of the Company dated 13 September 2021.

Events After the Reporting Period

As disclosed in the section headed “Issue of Listed Securities of the Company and Use of Proceeds” above, the completion of the subscriptions of the Walong Convertible Bonds and 13 September Convertible Bonds took place after the end of the Year. Save as disclosed above, no significant events took place subsequent to 30 September 2021.

Employees and Remuneration Policies

As at 30 September 2021, the Group had 193 (2020: 204) employees. In addition to basic salary, employees are entitled to other benefits including those under social insurance contribution, employee provident fund schemes and share option scheme of the Company. The remuneration of employees was in line with market trend and commensurate to the levels of pay in the industry and to the performance of individual employees that are regularly reviewed each year.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, there was no other specific plan for material investments or capital assets as at 30 September 2021.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

CORPORATE GOVERNANCE

During the Year, the Company has complied with the code provisions set out in the Corporate Governance Code (the "Code") as stated in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules regarding securities transactions by the Directors. Following specific enquiry by the Company, all Directors confirmed that they have fully complied with the Model Code during the Year.

AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) with written terms of reference in compliance with the Code.

As at the date of this announcement, the Audit Committee consists of the following members, all being independent non-executive Directors:

Mr. Teoh Chun Ming (*Chairman*)

Mr. Tam Ping Kuen, Daniel

Mr. Peter Edward Jackson

Mr. Charles Matthew Pecot III

The primary responsibilities of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the Company’s financial controls, internal control and risk management systems, to review and monitor the effectiveness of the audit process and to perform other duties and responsibilities as assigned by the Board. The Audit Committee has reviewed and discussed the annual results and the financial statements for the Year.

SCOPE OF WORK OF THE COMPANY’S AUDITOR IN RESPECT OF THIS ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the Year as set out in this announcement have been agreed by the Company’s auditor, Ernst & Young, certified public accountants, to the amounts set out in the Group’s audited consolidated financial statements for the Year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

PUBLICATION OF ANNUAL REPORT

The 2021 annual report of the Company will be published on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.apollofmg.com) and despatched to Shareholders in due course.

APPRECIATION

On behalf of all members of the Board, I would like to express my sincere appreciation to all Shareholders and staff members for their dedication and commitment over the Year as well as my heartfelt gratitude to our customers and business partners for their enduring support.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to increase the authorised share capital of the Company. The existing authorised share capital of the Company is HK\$1,000,000,000 divided into 10,000,000,000 Shares, of which 7,982,794,562 Shares have been allotted and issued as fully paid or credited as fully paid.

As at the date of this announcement, (i) share options granted under the share option scheme of the Company and carrying rights to subscribe for an aggregate of 525,976,000 Shares remain outstanding; (ii) up to 1,655,232,000 Shares may be issued and allotted to Ideal Team Ventures Limited as part of the consideration for the acquisition of 86.06% of the total issued share capital of Sino Partner Global Limited as disclosed in the circular of the Company dated 18 February 2020; (iii) up to 281,080,000 Shares may be issued and allotted to Mr. Mirko Konta, Mr. Werner Händl and Mr. Nigel Westwood for the acquisition of the entire issued share capital of Ideenion as disclosed in the circular of the Company dated 24 December 2020; (iv) convertible bonds in the principal amount of HK\$78,000,000 carrying the right to convert into up to 141,818,181 new Shares at the exercise price of HK\$0.55 per Share remained outstanding; and (v) convertible bonds in the principal amount of HK\$85,800,000 carrying the right to convert into up to 156,000,000 new Shares at the exercise price of HK\$0.55 per Share remained outstanding.

In order to provide the Company with greater flexibility in fund raising for the purpose of promoting future business growth, the Board proposes to increase the authorised Share capital of the Company to HK\$2,000,000,000 divided into 20,000,000,000 Shares by the creating of an additional 10,000,000,000 Shares.

The increase in the authorised share capital is subject to the approval of the Shareholders by way of passing an ordinary resolution at the forthcoming annual general meeting of the Company. A circular containing, among other things, details of the proposed increase in the authorised share capital of the Company and the notice of AGM will be despatched to the Shareholders in due course.

The Board is of the opinion that the proposed increase in the authorised share capital of the Company is in the interests of the Company and the Shareholders as a whole.

On behalf of the Board
Apollo Future Mobility Group Limited
Ho King Fung, Eric
Chairman

Hong Kong, 31 December 2021

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