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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)

**CONNECTED TRANSACTIONS
IN RELATION TO THE TENANCY AGREEMENTS**

The Board is pleased to announce that, on 31 August 2021 (after trading hours),

- (a) Ideenion has entered into Tenancy Agreement A with Landlord A for a period of five years commencing from 1 September 2021 to 31 August 2026; and
- (b) Ideenion has entered into Tenancy Agreement B with Landlord B for a period of five years commencing from 1 September 2022 to 31 August 2027.

LISTING RULES IMPLICATIONS

As at the date of this announcement, (i) Mr. Konta, Mrs. Konta and Mr. Händl are the partners of Landlord A and hold 25%, 25% and 50% of the partnership interest in Landlord A respectively; and (ii) Mr. Konta and Mr. Händl are the partners of Landlord B and hold 50% and 50% of the partnership interest in Landlord B respectively. Mr. Konta is an executive Director and Mr. Händl is a member of the supervisory board of Ideenion. Accordingly, Landlord A and Landlord B are connected persons of the Company.

In accordance with HKFRS 16 “Leases”, the Company will recognise the right-of-use asset on its consolidated statement of financial position in connection with the Tenancy Agreements. Accordingly, the entering into of the Tenancy Agreements will be regarded as acquisition of assets by the Group which constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the estimated value of the right-of-use asset to be recognised by the Group under the Tenancy Agreements in aggregate are more than 0.1% but less than 5%, the transactions contemplated under the Tenancy Agreements are subject to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

The Board is pleased to announce that, on 31 August 2021 (after trading hours),

- (a) Ideenion has entered into Tenancy Agreement A with Landlord A for a period of five years commencing from 1 September 2021 to 31 August 2026; and
- (b) Ideenion has entered into Tenancy Agreement B with Landlord B for a period of five years commencing from 1 September 2022 to 31 August 2027.

THE TENANCY AGREEMENTS

(a) Tenancy Agreement A

Date:

31 August 2021

Parties:

- (1) Ideenion; and
- (2) Landlord A

The value of the right-of-use asset to be recognised by the Company: approximately EUR1,829,000 (equivalent to approximately HK\$16,882,000).

Summary of Principal Terms:

Terms: Five years from 1 September 2021 to 31 August 2026 (both days inclusive)

Monthly rent: EUR34,516.96 per month (equivalent to approximately HK\$319,000), exclusive of statutory value-added tax, other administrative charges and management and maintenance costs

Premises: The office buildings located at Lilienthalstr. 15, 85080 Gaimersheim, Germany, with a total floor area of approximately 1,902 square meters and Lilienthalstr. 17, 85080 Gaimersheim, Germany, with a total floor area of approximately 1,119 square meters

(b) Tenancy Agreement B

Date:

31 August 2021

Parties:

- (1) Ideenion; and
- (2) Landlord B

The value of the right-of-use asset to be recognised by the Company: approximately EUR1,938,000 (equivalent to approximately HK\$17,888,000).

Summary of Principal Terms:

Terms: Five years from 1 September 2022 to 31 August 2027 (both days inclusive)

Monthly rent: EUR38,443.5 per month (equivalent to approximately HK\$355,000), exclusive of statutory value-added tax, other administrative charges and management and maintenance costs

Premises: The office building located at Lilienthalstr. 32–34, 85080 Gaimersheim, Germany, with a total floor area of approximately 3,513 square meters

Ideenion is required to pay a security deposit equivalent to three months' rent under each of the Tenancy Agreements. Upon expiry of the term of the Tenancy Agreements, the term may be renewed (a) for five years upon exercise of the one-time option, or (b) for one year if the Tenancy Agreement has not been terminated by 12 months before expiry (whether of the initial rental period or as extended by the renewed option).

The total rent payable during the initial term under the Tenancy Agreements is approximately EUR4,378,000 (equivalent to approximately HK\$40,406,000) in aggregate and is expected to be financed by internal resources of the Group.

USE OF THE PREMISES

Premises A and Premises B will be occupied by Ideenion for the operation of an office with workshop.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENTS

Ideenion has been leasing Premises A from Landlord A as research and development bases for design, development and manufacturing of prototype vehicle components and electronic systems for international automobile brands before the Group acquired the Ideenion Group in February 2021. Premises B is currently being leased to a third party independent of the Company and its connected persons with the term ending on 31 August 2022.

The Company considers that the Tenancy Agreements could (i) provide Ideenion with a stable environment for its production and operational activities and avoid any relocation costs and disruption of operation; (ii) enable Ideenion to expand the office space in line with its business expansion plans; and (iii)

fix the amount of the rent payable by Ideenion in the medium term and avoid substantial increase in rent payable by Ideenion as a result of any appreciation in value of the relevant premises.

The terms of the Tenancy Agreements were arrived at after arm's length negotiations between the parties. The rent payable under each of the Tenancy Agreements is on normal commercial terms or better than that charged for comparable premises held by third parties independent of the Company and its connected persons and has been arrived at by reference to comparable rental transactions and offerings in the relevant market.

Based on the aforesaid, the Directors (including the independent non-executive Directors but excluding Mr. Konta who has abstained from voting) are of the view that the Tenancy Agreements are entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

Apart from Mr. Konta, none of the other Directors has a material interest in the transactions contemplated under the Tenancy Agreements. Mr. Konta has abstained from approving the Board resolutions in relation to the Tenancy Agreements and the transactions contemplated thereunder.

INFORMATION ON THE PARTIES

The Company and Ideenion

The Company is principally engaged in investment holding and the principal activities of its subsidiaries are design, development, manufacturing and sales of high performance hypercars, provision of mobility technology solutions, retailing and wholesale of jewellery products and watches and money lending.

Ideenion is a wholly-owned subsidiary of the Company and is principally engaged in the design, development and prototyping of vehicle components and accessories for vehicles.

Landlord A and Landlord B

Both Landlord A and Landlord B are partnerships formed in Germany for the primary purpose of holding properties. As at the date of this announcement, (i) Mr. Konta, Mrs. Konta and Mr. Händl are the partners of Landlord A and hold 25%, 25% and 50% of the partnership interest in Landlord A respectively; and (ii) Mr. Konta and Mr. Händl are the partners of Landlord B and hold 50% and 50% of the partnership interest in Landlord B respectively.

LISTING RULES IMPLICATIONS

As at the date of this announcement, (i) Mr. Konta, Mrs. Konta and Mr. Händl are the partners of Landlord A and hold 25%, 25% and 50% of the partnership interest in Landlord A respectively; and (ii) Mr. Konta and Mr. Händl are the partners of Landlord B and hold 50% and 50% of the partnership interest in Landlord B respectively. Mr. Konta is an executive Director and Mr. Händl is a member of the supervisory board of Ideenion. Accordingly, Landlord A and Landlord B are connected persons of the Company.

In accordance with HKFRS 16 “Leases”, the Company will recognise the right-of-use asset on its consolidated statement of financial position in connection with the Tenancy Agreements. Accordingly, the entering into of the Tenancy Agreements will be regarded as acquisition of assets by the Group which constitute connected transactions for the Company under Chapter 14A of the Listing Rules. The aggregate value of the right-of-use assets to be recognised by the Company under the Tenancy Agreements is expected to be approximately EUR3,767,000 (equivalent to approximately HK\$34,770,000). Such value, which is solely based on the preliminary assessment by the management of the Company with reference to available information relating to the subject premises and the Company’s incremental borrowing rate, has not been audited or reviewed by the auditors of the Company.

As one or more of the applicable percentage ratios in respect of the estimated value of the right-of-use asset to be recognised by the Group under the Tenancy Agreements in aggregate are more than 0.1% but less than 5%, the transactions contemplated under the Tenancy Agreements are subject to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Board”	the board of Directors
“Company”	Apollo Future Mobility Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 860)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EUR”	Euro, the lawful currency of the European Union
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Ideenion”	Ideenion Automobil AG, a German stock corporation and a wholly-owned subsidiary of the Company
“Ideenion Group”	Ideenion and its subsidiaries
“Landlord A”	H2K GbR, a partnership formed in Germany
“Landlord B”	Bauherrengemeinschaft Händl-Konta, a partnership formed in Germany
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Händl”	Mr. Werner Händl
“Mr. Konta”	Mr. Mirko Konta, an executive Director
“Mrs. Konta”	Mrs. Brigie Konta, the spouse of Mr. Konta

“Premises A”	the office buildings located at Lilienthalstr. 15, 85080 Gaimersheim, Germany and Lilienthalstr. 17, 85080 Gaimersheim, Germany
“Premises B”	the office building located at Lilienthalstr. 32–34, 85080 Gaimersheim, Germany
“Share(s)”	the share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Tenancy Agreement A”	the tenancy agreement dated 31 August 2021 and entered into between Ideenion and Landlord A, in relation to the leasing of Premises A for a period of five years commencing from 1 September 2021 to 31 August 2026
“Tenancy Agreement B”	the tenancy agreement dated 31 August 2021 and entered into between Ideenion and Landlord B, in relation to the leasing of Premises B for a period of five years commencing from 1 September 2022 to 31 August 2027
“Tenancy Agreements”	collectively, Tenancy Agreement A and Tenancy Agreement B
“%”	per cent

* *For identification purpose only*

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

Hong Kong, 31 August 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.

For the purpose of this announcement, the exchange rate of EUR1.00 = HK\$9.23 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such a rate or at any other rates.