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APOLLO FUTURE MOBILITY GROUP LIMITED

APOLLO 智慧出行集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 860)

**DISCLOSEABLE TRANSACTION
CAPITAL INJECTION INTO A JOINT VENTURE**

CAPITAL INJECTION

On 14 October 2022 (after trading hours), Lucky Ample (a wholly-owned subsidiary of the Company), SAIL and the Joint Venture entered into the Capital Injection Agreement, pursuant to which Lucky Ample and SAIL shall inject capital in the amount of US\$43 million (equivalent to approximately HK\$335.4 million) and US\$27 million (equivalent to approximately HK\$210.6 million) respectively in cash into the Joint Venture.

Upon completion of the Capital Injection, (i) the registered capital of the Joint Venture shall increase from US\$10 million (equivalent to approximately HK\$78 million) to US\$80 million (equivalent to approximately HK\$624 million); and (ii) the Joint Venture will be owned as to 60% and 40% by Lucky Ample and SAIL respectively. Accordingly, the Joint Venture will become a non wholly-owned subsidiary of the Company.

LISTING RULE IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Company Capital Injection exceeds 5% but is less than 25%, the transaction contemplated under the Capital Injection Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and therefore the Company is subject to reporting and announcement requirements but is exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the Voluntary Announcement of the Company dated 11 May 2018 in relation to the joint venture agreement entered into between Lucky Ample and SAIL with respect to the establishment of the Joint Venture.

The Company is pleased to announce that on 14 October 2022 (after trading hours), Lucky Ample (a wholly-owned subsidiary of the Company), SAIL and the Joint Venture entered into the Capital Injection Agreement, pursuant to which Lucky Ample and SAIL shall inject capital in the amount of US\$43 million (equivalent to approximately HK\$335.4 million) and US\$27 million (equivalent to approximately HK\$210.6 million) respectively in cash into the Joint Venture.

THE CAPITAL INJECTION AGREEMENT

Set out below is a summary of the material terms of the Capital Injection Agreement.

Date

14 October 2022 (after trading hours)

Parties

- (1): Lucky Ample
- (2): SAIL
- (3): the Joint Venture

Capital Injection

As at the date of this announcement, (i) the Joint Venture has a registered capital of US\$10 million (equivalent to approximately HK\$78 million) and is owned as to 50% by Lucky Ample and 50% by SAIL; and (ii) the Joint Venture is accounted for as a jointly-controlled entity of the Company.

Pursuant to the Capital Injection Agreement, Lucky Ample and SAIL shall inject capital in the amount of US\$43 million (equivalent to approximately HK\$335.4 million) and US\$27 million (equivalent to approximately HK\$210.6 million) respectively in cash into the Joint Venture.

The amount of the Capital Injection was determined after arm's length negotiation between parties to the Capital Injection Agreement with reference to funding needs of the Joint Venture for the development of a luxury EV model, details of which are set out in the section headed "Reasons for and Benefits of Entering Into Capital Injection Agreement" below.

Payment of the Company Capital Injection will be funded by internal resources of the Group.

Timing and Completion of Capital Injection

Pursuant to the Capital Injection Agreement, each of Lucky Ample and SAIL shall contribute its respective portion of the Capital Injection on or before 31 December 2022 in cash.

The completion of the Capital Injection is not subject to the satisfaction of any conditions precedent.

Upon completion of the Capital Injection, (i) the registered capital of the Joint Venture shall increase from US\$10 million (equivalent to approximately HK\$78 million) to US\$80 million (equivalent to approximately HK\$624 million); and (ii) the Joint Venture will be owned as to 60% and 40% by Lucky Ample and SAIL respectively. Accordingly, the Joint Venture will become a non wholly-owned subsidiary of the Company upon completion of the Capital Injection, and the financial statements of the Joint Venture will be consolidated into those of the Group.

Board of directors of the Joint Venture

The board of directors of the Joint Venture shall consist of five (5) directors, of which three (3) directors shall be nominated by Lucky Ample and two (2) shall be nominated by SAIL. The chairman of the board of directors of the Joint Venture shall be one of the directors nominated by Lucky Ample.

INFORMATION ON THE GROUP AND LUCKY AMPLE

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

Lucky Ample is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding.

INFORMATION ON SAIL

SAIL is a private equity and venture capital arm of the Shanghai Municipal Government. SAIL invests in high-tech, media, entertainment, infrastructure, financial services, telecommunication, healthcare, life science, and emerging low-carbon sectors such as clean energy, new material and eco-environment protection. SAIL was founded in 1994 and is based in Shanghai, the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, SAIL and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

INFORMATION ON THE JOINT VENTURE

The Joint Venture is principally engaged in the NEV-related technology development, technology transfer, technology consulting and technology services. As at the date of this announcement, the Joint Venture is owned as to 50% by Lucky Ample and 50% by SAIL.

Set out below are certain audited financial information of the Joint Venture (prepared in accordance with PRC GAAP) for each of the two financial years ended 31 December 2020 and 31 December 2021.

	Year ended 31 December 2020	Year ended 31 December 2021
	<i>RMB</i>	<i>RMB</i>
Net loss before taxation and extraordinary items	11,000 (equivalent to approximately HK\$12,000)	9,244,000 (equivalent to approximately HK\$10,168,000)
Net loss after taxation and extraordinary items	11,000 (equivalent to approximately HK\$12,000)	9,244,000 (equivalent to approximately HK\$10,168,000)

As at 31 August 2022, the unaudited net asset value of the Joint Venture (prepared in accordance with PRC GAAP) was approximately RMB31.7 million (equivalent to approximately HK\$34.9 million).

REASONS FOR AND BENEFITS OF ENTERING INTO CAPITAL INJECTION AGREEMENT

As disclosed in the Voluntary Announcement, the purposes of the establishment of the Joint Venture include, among others, carrying out EV-related research and development activities and establishing a production line for EVs with a production capacity of not less than 10,000 EVs per annum.

Leveraging on the Group's expertise on EVs and engineering solutions, and contributions by the Group and SAIL since the establishment of the Joint Venture, the Joint Venture has commenced the development of its first luxury EV model and the first prototype production of the luxury EV model is expected to be completed around the end of 2022 for launch exhibition. It is expected that the proceeds from the Capital Injection will mainly be utilised for (i) the design, modeling, engineering, validation & testing, and production of the luxury EV model; (ii) marketing activities and the establishment of experience centre for the luxury EV; and (iii) future operation and business activities of the Joint Venture.

The Directors are of the view that the Capital Injection is in line with the Group's 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. In light of the upcoming launch and production of the luxury EV, the Directors also believe that through the Capital Injection, the Group will be able to further optimize its commercial production capacities, enjoy the benefit of greater flexibility in managing and utilizing revenue and cash flows generated by the Joint Venture, and continue its deep drive into automobile manufacturing business and technology development.

Taking into consideration of the above, the Directors consider that the terms of the Capital Injection Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

THE LISTING RULE IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Company Capital Injection exceeds 5% but is less than 25%, the transaction contemplated under the Capital Injection Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and therefore the Company is subject to reporting and announcement requirements but is exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Capital Injection”	collectively, the Company Capital Injection and SAIL Capital Injection
“Capital Injection Agreement”	the capital injection agreement dated 14 October 2022 entered into between Lucky Ample, SAIL and the Joint Venture in relation to the Capital Injection
“Company”	Apollo Future Mobility Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 860)
“Company Capital Injection”	the capital injection in the total amount of US\$43 million (equivalent to approximately HK\$335.4 million) by Lucky Ample in cash pursuant to the Capital Injection Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EV(s)”	electric vehicles
“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
“Joint Venture”	WESail New Energy Automotive Co. Ltd.* (上海聯和力世紀新能源汽車有限公司), a company established in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lucky Ample”	Lucky Ample Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“NEV(s)”	new energy vehicles
“PRC”	the People’s Republic of China
“PRC GAAP”	accounting principles generally accepted in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“SAIL”	Shanghai Alliance Investment Ltd.* (上海聯和投資有限公司), a company established in the PRC with limited liability
“SAIL Capital Injection”	the capital injection in the total amount of US\$27 million (equivalent to approximately HK\$210.6 million) by SAIL in cash pursuant to the Capital Injection Agreement
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“Voluntary Announcement”	the voluntary announcement of the Company dated 11 May 2018 in relation to the establishment of the Joint Venture
“%”	per cent

For the purpose of this announcement, the exchange rates of US\$1.00 = HK\$7.80 and RMB1.00 = HK\$1.10 have been used 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 rates or at any other rates.

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

Hong Kong, 14 October 2022

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

** for identification purposes only*