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apollo

APOLLO FUTURE MOBILITY GROUP LIMITED

APOLLO 智慧出行集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 860)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE FIFTEEN MONTHS ENDED 31 DECEMBER 2022
AND
PROPOSED AMENDMENTS TO THE MEMORANDUM AND
ARTICLES OF ASSOCIATION**

Due to the change of financial year end date from 30 September to 31 December with effect from 22 August 2022, the board (the “Board”) of directors (the “Directors”) of Apollo Future Mobility Group Limited (“AFMG” or the “Company”) hereby announces the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the fifteen months ended 31 December 2022 (the “Period”) together with the comparative figures for the year ended 30 September 2021, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the fifteen months ended 31 December 2022

		Fifteen months ended 31 December 2022	Year ended 30 September 2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE	3	774,888	528,559
Cost of sales		<u>(615,179)</u>	<u>(397,051)</u>
Gross profit		159,709	131,508
Other income		25,042	18,878
Other gains/(losses), net		523,779	(40,230)
Selling and distribution expenses		(19,490)	(42,937)
General and administrative expenses		(275,340)	(294,763)
Research and development costs		(55,478)	(77,811)
Other expenses		–	(1,124)
Finance costs		(21,450)	(6,823)
Share of profits and losses of:			
Joint venture		(25,209)	(2)
Associate		(43,828)	(42,905)
PROFIT/(LOSS) BEFORE TAX	4	267,735	(356,209)
Income tax expense	5	(1,376)	(3,144)
PROFIT/(LOSS) FOR THE PERIOD/ YEAR		<u>266,359</u>	<u>(359,353)</u>
Attributable to:			
Owners of the Company		263,459	(349,589)
Non-controlling interests		2,900	(9,764)
		<u>266,359</u>	<u>(359,353)</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic		<u>HK3.09 cents</u>	<u>HK(4.51) cents</u>
Diluted		<u>HK1.82 cents</u>	<u>HK(5.05) cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the fifteen months ended 31 December 2022

	Fifteen months ended 31 December 2022 HK\$'000	Year ended 30 September 2021 HK\$'000
PROFIT/(LOSS) FOR THE PERIOD/YEAR	266,359	(359,353)
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	(207,739)	(61,697)
Reclassification adjustments for foreign operations disposed of during the period/year	<u>457</u>	<u>3,676</u>
	(207,282)	(58,021)
Share of other comprehensive income of a joint venture and an associate	<u>7,052</u>	<u>2,070</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD/YEAR	<u>(200,230)</u>	<u>(55,951)</u>
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD/YEAR	<u>66,129</u>	<u>(415,304)</u>
Attributable to:		
Owners of the Company	63,181	(413,136)
Non-controlling interests	<u>2,948</u>	<u>(2,168)</u>
	<u>66,129</u>	<u>(415,304)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	31 December	30 September
	2022	2021
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS		
Property, plant and equipment	79,237	103,323
Investment properties	12,387	12,825
Right-of-use assets	56,893	100,696
Goodwill	1,740,594	2,146,526
Other intangible assets	251,959	296,559
Interest in a joint venture	6,808	379
Interest in an associate	–	–
Financial assets at fair value through profit or loss	1,415,199	1,010,742
Loans receivable	27,388	52,442
Deferred tax assets	306	18,619
Deposits	2,544	7,675
	<hr/>	<hr/>
Total non-current assets	3,593,315	3,749,786
CURRENT ASSETS		
Inventories	90,605	173,352
Accounts receivable	39,443	54,183
Contract assets	–	2,684
Loans receivable	174,649	652,062
Prepayments, deposits and other receivables	312,914	294,392
Financial assets at fair value through profit or loss	–	1,011
Tax recoverable	203	4,140
Cash and cash equivalents	52,528	150,053
	<hr/>	<hr/>
	670,342	1,331,877
Assets of disposal groups classified as held for sale	670,172	–
	<hr/>	<hr/>
Total current assets	1,340,514	1,331,877
	<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2022

		31 December	30 September
		2022	2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
CURRENT LIABILITIES			
Accounts payable	9	107,718	82,735
Other payables and accruals		172,357	312,651
Interest-bearing bank borrowings		74,113	105,371
Lease liabilities		1,347	11,312
Contingent consideration payable	10	–	742,882
Convertible bonds	11	176,218	–
Tax payable		17,062	22,644
		<u>548,815</u>	<u>1,277,595</u>
Liabilities directly associated with the assets classified as held for sale	13	<u>70,075</u>	<u>–</u>
Total current liabilities		<u>618,890</u>	<u>1,277,595</u>
NET CURRENT ASSETS		<u>721,624</u>	<u>54,282</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,314,939</u>	<u>3,804,068</u>
NON-CURRENT LIABILITIES			
Other payables		–	10,808
Interest-bearing bank borrowings		14,063	17,343
Lease liabilities		4,942	36,458
Contingent consideration payable	10	–	53,460
Deferred tax liabilities		35,148	46,417
Total non-current liabilities		<u>54,153</u>	<u>164,486</u>
Net assets		<u>4,260,786</u>	<u>3,639,582</u>
EQUITY			
Equity attributable to owners of the Company			
Issued capital	12	961,310	798,279
Reserves		3,314,137	2,860,418
		<u>4,275,447</u>	<u>3,658,697</u>
Non-controlling interests		<u>(14,661)</u>	<u>(19,115)</u>
Total equity		<u>4,260,786</u>	<u>3,639,582</u>

NOTES

For the fifteen months ended 31 December 2022

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

Pursuant to a resolution of the Board passed on 22 August 2022, the Company's financial year end date was changed from 30 September to 31 December with effect from 22 August 2022. Accordingly, the financial statements of the Group for the current period cover a period of fifteen months from 1 October 2021 to 31 December 2022. The comparative amounts presented for the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and related notes, which covered a period of twelve months from 1 October 2020 to 30 September 2021, are therefore not comparable with those of the current period.

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, convertible bonds and contingent consideration payables which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. 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 following revised HKFRSs for the first time for the current period's financial statements.

Amendments to HKFRS 9, HKAS 39, *Interest Rate Benchmark Reform — Phase 2*
HKFRS 7, HKFRS 4 and HKFRS 16

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments did not have any impact on the financial position and performance of the Group.

3. REVENUE

An analysis of revenue is as follows:

	Fifteen months ended 31 December 2022 HK\$'000	Year ended 30 September 2021 HK\$'000
Revenue from contracts with customers		
Sales and distribution of vehicles and related components, provision of engineering services, provision of design, development and prototyping of vehicle components and licencing income	218,819	104,845
Sales of jewellery products, watches and other commodities	507,760	377,246
	726,579	482,091
Revenue from other sources		
Interest income from loan financing	48,309	45,115
Rental income from investment properties	–	1,353
	48,309	46,468
	774,888	528,559

4. PROFIT/(LOSS) BEFORE TAX

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

	Fifteen months ended 31 December 2022 HK\$'000	Year ended 30 September 2021 HK\$'000
Cost of inventories sold	523,986	377,177
Fair value losses/(gains) on investment properties*	(385)	121
Fair value gains on financial assets at fair value through profit or loss, net*	(439,252)	(21,885)
Fair value losses/(gains) on contingent consideration payables, net*	(274,943)	56,008
Fair value losses on convertible bonds*	12,418	–
Impairment of goodwill*	107,824	–
Impairment/(reversal of impairment) of accounts receivable, net*	(1,001)	1,302
Impairment of loans receivable, net*	38,848	12,547
Loss/(gain) on disposal of subsidiaries*	4,258	(35,840)
Write-down/(reversal of write-down) of inventories to net realisable value	24,249	(1,121)
	<u>24,249</u>	<u>(1,121)</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% (year ended 30 September 2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, 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 (year ended 30 September 2021: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (year ended 30 September 2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (year ended 30 September 2021: 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.

	Fifteen months ended 31 December 2022 HK\$'000	Year ended 30 September 2021 HK\$'000
Current:		
Hong Kong		
Charge for the period/year	10,468	3,594
Overprovision in prior periods/years	(3,232)	(631)
Elsewhere		
Charge for the period/year	3,754	10,782
Overprovision in prior periods/years	(8,076)	–
Deferred	(1,538)	(10,601)
	<u>1,376</u>	<u>3,144</u>
Total tax charge for the period/year	<u>1,376</u>	<u>3,144</u>

6. DIVIDEND

The board of directors of the Company does not recommend the payment of any dividend in respect of the fifteen months ended 31 December 2022 (year ended 30 September 2021: Nil).

7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the period/year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 8,515,845,391 (year ended 30 September 2021: 7,747,285,685) in issue during the period/year, as adjusted to exclude the shares repurchased during the period.

The calculation of the diluted earnings per share amount for the fifteen months ended 31 December 2022 is based on the profit for the period 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 earnings per share amount for the fifteen months ended 31 December 2022 is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive share options into ordinary shares. No adjustment has been made to the basic earnings per share amount presented for the fifteen months ended 31 December 2022 in respect of a dilution arising from convertible bonds as the impact of the convertible bonds outstanding had an anti-dilutive effect on the basic earnings per share amount presented.

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 ended 30 September 2021, as used in the basic loss per share calculation, as the impact of the share options outstanding had an anti-dilutive effect on the diluted loss per share amount presented.

The calculations of basic and diluted earnings/(loss) per share are based on:

Earnings/(loss)

	Fifteen months ended 31 December 2022 HK\$'000	Year ended 30 September 2021 HK\$'000
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic earnings/(loss) per share calculation	263,459	(349,589)
Effect of dilutive potential ordinary shares arising from adjustment to the share of loss of an associate	(108,127)	(41,397)
Profit/(loss) attributable to ordinary equity holders of the Company, used in the diluted earnings/(loss) per share calculation	155,332	(390,986)

Shares

	Number of shares	
	Fifteen months ended 31 December 2022	Year ended 30 September 2021
Weighted average number of ordinary shares in issue during the period/year used in the basic earnings/(loss) per share calculation	8,515,845,391	7,747,285,685
Effect of dilution – weighted average number of ordinary shares:		
Share options	126,007	–
Weighted average number of ordinary shares in issue during the period/year used in the diluted earnings/(loss) per share calculation	8,515,971,398	7,747,285,685

8. ACCOUNTS RECEIVABLE

	31 December 2022 HK\$'000	30 September 2021 HK\$'000
Accounts receivable	40,265	56,257
Impairment	(822)	(2,074)
	39,443	54,183

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:

	31 December 2022 HK\$'000	30 September 2021 HK\$'000
Within 30 days	28,725	42,209
31 to 60 days	589	1,324
61 to 90 days	8,095	6,876
Over 90 days	2,034	3,774
	<u>39,443</u>	<u>54,183</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:

	31 December 2022 HK\$'000	30 September 2021 HK\$'000
Within 30 days	18,000	12,439
31 to 60 days	–	1,071
61 to 90 days	223	22
Over 90 days	89,495	69,203
	<u>107,718</u>	<u>82,735</u>

10. CONTINGENT CONSIDERATION PAYABLES

Contingent consideration payables represented the fair values of contingent cash consideration which may be paid and contingent consideration shares which may be allotted and issued by the Company for the acquisitions of certain subsidiaries.

During the Period, consideration shares of 1,655,232,000 ordinary shares of the Company of HK\$0.1 each were allotted and issued to Ideal Team Ventures Limited in respect of the acquisition of 86.06% of the total issued share capital of Sino Partner Global Limited in March 2020. The fair value of the consideration shares as at the date of allotment amounted to HK\$521,399,000.

11. CONVERTIBLE BONDS

On 5 October 2021, Able Catch Limited, Vivaldi International Limited and 45 Yi Capital Holdings Co., Ltd subscribed for the convertible bonds of the Company in the principal amount of HK\$85,800,000 (the “13 September Convertible Bonds”). The 13 September Convertible Bonds carry interest at a rate of 9% per annum, which is payable half-yearly in arrears, have a maturity date on 5 October 2024 and are convertible at the option of the bondholders, in whole or in part, into ordinary shares of the Company at the initial conversion price of HK\$0.55 per share (subject to adjustments) at any time on or after 7 days from the issue date until 7 days prior to the maturity date.

On 18 October 2021, Walong Holdings Limited subscribed for the convertible bonds of the Company in the principal amount of HK\$78,000,000 (the “Walong Convertible Bonds”). The Walong Convertible Bonds carry interest at a rate of 9% per annum, which is payable half-yearly in arrears, have a maturity date on 18 October 2024 and are convertible at the option of the bondholders, in whole or in part, into ordinary shares of the Company at the initial conversion price of HK\$0.55 per share (subject to adjustments) at any time on or after 7 days from the issue date until 7 days prior to the maturity date.

Any convertible bonds not converted will be redeemed at maturity at 100% of the outstanding principal amount.

12. ISSUED CAPITAL

	31 December 2022 HK\$'000	30 September 2021 HK\$'000
Authorised:		
20,000,000,000 (30 September 2021: 10,000,000,000) ordinary shares of HK\$0.1 each	<u>2,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
9,613,098,562 (30 September 2021: 7,982,794,562) ordinary shares of HK\$0.1 each	<u>961,310</u>	<u>798,279</u>

On 10 March 2022, an ordinary resolution was passed at the annual general meeting of the Company to approve the increase of the authorised share capital of the Company from HK\$1,000,000,000 divided into 10,000,000,000 ordinary shares of HK\$0.1 each to HK\$2,000,000,000 divided into 20,000,000,000 ordinary shares of HK\$0.1 each by the creation of additional 10,000,000,000 ordinary shares.

A summary of movements in the Company's issued capital during the period is as follows:

	<i>Notes</i>	Number of ordinary shares in issue '000	Issued capital HK\$'000
At 1 October 2021		7,982,795	798,279
Issue of new shares	<i>10</i>	1,655,232	165,524
Share repurchased and cancelled	<i>(i)</i>	<u>(24,928)</u>	<u>(2,493)</u>
At 31 December 2022		<u>9,613,099</u>	<u>961,310</u>

Note:

- (i) During the period, the Company purchased a total of 24,928,000 shares on The Stock Exchange of Hong Kong Limited at a total consideration, before expenses, of approximately HK\$7,908,000. The purchased shares were cancelled during the period.

13. DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

- (a) On 23 December 2022, the Company (as seller) entered into an agreement with Mobility Technology Group Inc. ("MTG"), pursuant to which the Company had conditionally agreed to sell and MTG had conditionally agreed to acquire the entire share capital of Ideenion Automobil AG (together with its subsidiaries, The "Ideenion Group"), for a total consideration EUR15,000,000 (equivalent to approximately HK\$124,350,000) (the "Ideenion Disposal"). The Ideenion Group was principally engaged in the design, development and prototyping of internal combustion engine vehicles and NEVs, including vehicle components and accessories for vehicles. The completion of the Ideenion Disposal took place on 22 February 2023. Accordingly, the assets and liabilities of the Ideenion Group as at 31 December 2022 were classified as a disposal group held for sale.
- (b) On 30 December 2022, Ming Fung Investment Holdings Limited ("Ming Fung"), an indirect wholly-owned subsidiary of the Company, (as seller) entered into an agreement with Innosophi Company Limited ("Innosophi"), pursuant to which Ming Fung had conditionally agreed to sell and Innosophi had conditionally agreed to acquire the entire share capital of Chance Achieve Limited ("Chance Achieve"), for a total consideration of HK\$408,000,000 (the "Chance Achieve Disposal"). Chance Achieve is principally engaged in money lending in Hong Kong. Innosophi is an investment holding company wholly-owned by Mr. Freeman Hui Shen, a non-executive Director and a substantial shareholder of the Company. The Chance Achieve Disposal is expected to be completed on or before 30 June 2023. Accordingly, the assets and liabilities of Chance Achieve as at 31 December 2022 were classified as a disposal group held for sale.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Automobile market

New Energy Vehicles

In light of high oil prices, favorable policy support and increasing number of electric vehicles (“EV(s)”) models, global EV sales remained strong during the Period with 10.5 million new Battery Electric Vehicles (“BEV(s)”) and Plug-in Hybrid Electric Vehicles (“PHEV(s)”) delivered globally in 2022, representing a 55% year-on-year increase compared to 2021, according to industry database EV Volumes. Among the countries, ASEAN countries continued their strong recovery following the COVID-19 pandemic. With the People’s Republic of China (the “PRC” or “China”) being the largest EV market and EV production base, approximately 59% of global EV sales and 64% of global production volume of EV was contributed by the country in 2022. The BEV and PHEV sales in China increased by a 82% year-on-year reaching over 6.1 million, outperforming the overall auto markets.

The expiry of the yearslong financial subsidies offered by the Chinese government to EV makers at the end of December 2022 has driven the automakers to adapt their cost and marketing strategies for sustainable growth. It is expected that the subsidies withdrawal would optimize the EV industry development by gradually transitioning to be more market driven. Meanwhile, some other policies are expected to continue to promote the industry development. During the Period, the Chinese government announced the extension of vehicle purchase tax exemption on eligible new energy vehicle (“NEV(s)”) models until the end of 2023, which was initially set to cease at the end of 2022. The NEV industry is expected to keep growing as the Chinese government maintains its ambition on green economy goals.

Hypercar

SNS Insider, a market research and insight firm, estimates that the hypercar market, which had a value of US\$17.45 billion at the end of 2022, will grow at a compound annual growth rate (“CAGR”) of 10.5% between 2023 and 2030, reaching US\$31.78 billion by 2030. Increasing demand for high-performance automobiles and for luxurious experiences are major factors that continue to drive the growth of the hypercar industry. Hypercars are mostly limited in quantity and edition, with only a few hundred units or less produced each year. The increasing demand for high-performance and luxury experience, introduction of electric technologies as well as other cutting-edge design and technology advances are anticipated to propel the growth of the hypercar industry in the coming years.

High-end vehicles and luxury vehicles

According to Expert Market Research, the value of world’s luxury automobile market reached US\$461.24 billion in 2022. By 2028, the market is projected to have grown at a CAGR of 4.90%, reaching US\$614.59 billion in value. During the forecast period of 2023-2028, Asia Pacific, notably China, is expected to be one of the world’s largest luxury car markets. The increase in consumer income has propelled demand for automobile and high-end vehicles in China. In 2022, sales of high-end passenger vehicles in China totaled 3.886 million units, up 11.1% year-on-year, according to the China Association of Automobile Manufacturers, indicating promising development of the high-end vehicles and luxury vehicles industry.

Engineering Service Outsourcing

The worldwide automotive engineering services outsourcing (“ESO”) market was valued at US\$84.87 billion in 2022, and Grand View Research expects that it will increase at a CAGR of 11.2% from 2023 to 2030. The development of the automotive ESO market is anticipated to be fueled by the expanding technological capabilities to deliver research and development (“R&D”) and product innovation in offerings.

BUSINESS REVIEW

During the Period, the Group has further solidified its leading status in the upscale mobility sector by undertaking various strategic measures to leverage its distinctive hypercar DNA for the development of own branded vehicles in the field of smart luxury mobility. WM Motor Holdings Limited (“WM Motor”), one of China’s market leaders in smart mainstream EVs, became the Company’s largest shareholder in 2022, followed by the induction of a seasoned management team to the Board. With WM Motor becoming a key strategic manufacturing partner for AFMG, the Group continued advancing its business by officially enter the luxury electric passenger car market. WM Motor’s experience in automotive manufacturing, coupled with the Group’s prominent presence in the high-end automobile market with its Apollo brand and proprietary technology, will be mutually advantageous.

Apollo Hypercar

Delivery of Apollo Intensa Emozione Hypercars

Apollo Intensa Emozione (“Apollo IE”), being the Group’s flagship hypercar model, features the first-ever all-carbon fiber production chassis of its kind, from the monocoque to subframes and crash structures. Its striking aesthetics, coupled with a V12 engine, make it a contender for one of the most exhilarating cars ever manufactured. During the Period, a total of four Apollo IE vehicles were delivered to customers.

Launch of Apollo Project EVO

Unveiled at the China International Import Expo (CIIE 2021) during the Period as the successor to the highly acclaimed Apollo IE hypercar, the Apollo Project EVO sets the new benchmark for next-generation collectable hypercars. Apollo Project EVO is described as a dramatically sculpted piece of design that continues to offer an intense and emotional visual experience. It features an advanced carbon monocoque and a handling package that ensures seamless integration between raw power and emotional aesthetics, delivering unparalleled handling and driving dynamics. Its visually stunning design makes it a work of art, evoking intense emotional responses from its viewers.

Appearance at Global Hypercar Events

Apollo Project EVO, which has completed final summer testing, made an appearance at a number of major events during the Period, garnering an enthusiastic response from fans and potential clients. In June 2022, the Apollo IE and Apollo Project EVO participated in Germany's Nürburgring where they were enthusiastically received by key members of the hypercar community. This global tour was extended to include the prestigious Monterey Car Week, USA where the Apollo IE made an appearance. As one of the world's most important events for super-premium brands, this represents the largest gathering of ultra-high-net-worth buyers around the world. A number of highly engaged prospects were nurtured and advanced to support Apollo's leading market position and long-term demand for future Apollo products.

Marketing efforts continued with the Group's participation in the prestigious Supercar Owners Circle in Croatia which attracted some of the world's most exclusive hypercar clients. Apollo Project EVO was well received by fans and potential clients, further boosting the car's prospects.

Apollo EV

Unveiling Apollo EVision S Concept Car

During the Period, the Group announced that it had officially entered the lucrative luxury smart electric passenger car segment with the unveiling of its Apollo EVision S concept car at CIIE 2021. Showcasing the Group's vision for future of luxury electric mobility, the Apollo EVision S combines 'The Intense Emotions' of Apollo hypercars with practical usability. It also serves as a forerunner to the Group's broader product-development pipeline.

Unveiling G2J Advanced Engineering Prototype

The Group revealed its next move towards the future of mobility by unveiling the G2J advanced-engineering prototype during the Period. Over the course of two years, AFMG has developed the G2J as a cutting-edge engineering prototype, utilizing the Group's extensive engineering, powertrain, and platform technology expertise from Germany and Japan. Currently, the G2J is in the final testing phase to fine-tune and validate its essential powertrain, connectivity, and digital ecosystem technologies that will serve as the foundation of AFMG's electric sports cars in the future.

Announcement of AFMG Luxury Smart EV Strategy

During the Period, the Group unveiled its Apollo EV strategic plan to embrace electrification with an EV product roadmap. A new AFMG smart luxury electric vehicle model is expected to make its grand debut in 2023. This smart luxury electric vehicle is developed based on a platform developed by GLM Co., Ltd. (“GLM”, a subsidiary of the Company in Japan) and G2J advanced engineering prototype while inheriting Apollo’s hypercar DNA with carbon-fiber bodyworks and striking aesthetics, presenting the Group’s platform engineering expertise and latest mobility technology.

Mobility Ecosystem

Leveraging on strategic partners including Divergent Technologies Inc. (“Divergent”) and EV Power, AFMG has been developing an advanced luxury mobility ecosystem that would further enrich the Group’s mobility services and offerings along the automotive value chain. Significant effort has also been dedicated to creating proprietary technologies and improving current ones, resulting in huge progress towards the development of the Group’s own branded vehicles.

Licensing income from in-house proprietary technologies

The Group signed its first-vehicular platform licensing agreement with Italian brand De Tomaso in 2020 and received licensing revenue from them during the Period. The platform comprises a complete rolling chassis with crash structure, powertrain, electronics and suspension which can be used in various vehicle types globally.

The Crate Powertrain

The Crate Powertrain is an innovation empowered by the Group’s R&D team, featuring cutting-edge innovations that enable EVs to shift towards 800V systems. This technology includes twin inverters that employ next-generation Silicon Carbide technology, resulting in increased efficiency. During the Period, the Group completed the R&D and testing of sample A, and will seek partners for industrial development in the next stage.

During the Period, the Group organized and participated in various events to showcase its latest innovations and technological capabilities. The Group showcased its latest ambitious projects at the CIIE 2021 with the Apollo Project EVO, the Apollo EVision S concept car, the Crate Powertrain, Apollo all-carbon monocoque chassis, and UME electric utility vehicle. These projects showcased the future of performance, illustrating the transition to clean-air mobility and setting a roadmap for electrification. After the success at the CIIE, AFMG organized the “APOLLO FIRE AND ICE” mobility showcase in MGM MACAU, creating an exciting motorsport atmosphere during the 68th Macau Grand Prix and earning recognition from motorsport enthusiasts. The grand finale of AFMG’s 2021 Mobility Innovation Roadshow was held in Hong Kong with the theme of “THE ULTIMATE SUSTAINABLE FUTURE OF MOBILITY” which received overwhelming responses from investors and media.

Engineering Service Outsourcing

During the Period, the Group’s automotive ESO unit provided leading engineering outsourcing services to well-known traditional original equipment manufacturer (“OEM(s)”) and emerging electric vehicle brands, covering the entire process from generating ideas, designing, modeling, engineering, simulating, validating and testing, to manufacturing prototypes prior to production.

Other Corporate Developments

Change of Company’s Chinese name

The Company officially changed its Chinese name to “Apollo 智慧出行集團有限公司” with effect from 26 August 2022. This renaming initiative aligns the Chinese name of the Company with its English name which better reflects the Group’s strategies of being a leading smart mobility services provider and enhances the Group’s corporate image and identity that would enable the Group to be better positioned to capture business opportunities for its future development.

Further details of the change to the Company’s Chinese name are set out in the company announcement dated 26 September 2022.

Admitted to “Consumer Discretionary — Automobiles — Automobiles” under HSICS

The Company was admitted to the “Consumer Discretionary” industry — “Automobiles” sector — “Automobiles” subsector under the Hang Seng Industry Classification System (“HSICS”) effective from 30 September 2022. The reclassification highlights the Group’s latest advancements in mobility, allowing the market to take note of AFMG as a significant player in the industry and hence enable investors make well-informed decisions.

WM Motor became AFMG’s largest shareholder

WM Motor, one of China’s leading smart EV companies, became AFMG’s largest shareholder and strategic manufacturing partner during the Period. By leveraging WM Motor’s well-established smart EV manufacturing facilities, complemented by the Group’s expertise in sales and distribution of the Apollo brand in the high-end automobile market as well as its proprietary technology, the Group’s luxury smart electric passenger car business is poised to accelerate its expansion through substantial synergies.

Subsequent to the reporting Period, the Group entered into an acquisition agreement with WM Motor for the acquisition of the entire issued capital of WM Motor Global Investment Limited, the wholly-owned subsidiary of WM Motor which owns the revenue generating operating entities of WM Motor.

Introduction of New Senior Management Team

During the Period, AFMG welcomed a number of seasoned professionals from the automotive and finance sectors joining the Group.

The Board appointed Mr. Freeman Hui Shen as a non-executive Director and Co-Chairman of the Board; Mr. Joseph Lee was appointed as an executive Director and Vice Chairman of the Board; Mr. Qi Zhenggang, Marcus, was appointed as the General Manager of the Group and an executive Director; Ms. Zheng Kaiyan, Enya, was appointed as Senior Vice President, Finance of the Group; Ms. Hau Yan Hannah Lee, was appointed as an independent non-executive Director; and Mr. Wilfried Porth joined AFMG as a non-executive Director. With the extensive experience of these top executives, the Group is better equipped to penetrate deeper into the NEV industry chain and establish firmer footholds in both China and overseas markets.

Further details of directorship appointments are set out in the Company announcements dated 13 January 2022, 31 March 2022 and 26 April 2022.

Capital Injection into a Joint Venture with Shanghai Alliance Investment

During the Period, Lucky Ample Limited (“Lucky Ample”), a wholly-owned subsidiary of the Company, Shanghai Alliance Investment Ltd. (“SAIL”), a private equity and venture capital arm of the Shanghai Municipal Government, and WESail New Energy Automotive Co. Ltd. (the “Joint Venture”) entered into a capital injection agreement. The Joint Venture is mainly engaged in technology development, transfer, consultation and services related to NEVs.

The proceeds from the Capital Injection will mainly be utilized for the development and production of a luxury EV model, marketing activities and the establishment of experience center for the luxury EV; and future operation and business activities of the Joint Venture. Together with SAIL, the Capital Injection has enabled the Group to further optimize its commercial production capacities and continue its deep drive into automobile manufacturing business and technology development.

Further details of the Capital Injection are set out in the Company’s announcement dated 17 October 2022.

Disposal of Ideenion Automobil AG

To further optimize the operation management of the Group and enable it to focus capital and management resources on developing its more promising own-brand hypercars and luxury smart EVs businesses, the Group reached an agreement to dispose of the entire issued share capital of its wholly-owned subsidiary, Ideenion Automobil AG (“Ideenion” and together with its subsidiaries, “Ideenion Group”), a German automotive-engineering services provider, for a total cash consideration of EUR15 million (equivalent to approximately HK\$124.4 million).

Further details of the disposal are set out in the section headed “Material Acquisitions or Disposals”.

Other Legacy Businesses

The Group continued to scale down its legacy businesses during the Period, allowing it to be better resourced on developing its more promising smart mobility businesses.

Disposal of Legacy Businesses

During the Period, the Group reached an agreement to dispose of part of its watches wholesale business for a total cash consideration of HK\$50 million. The Group intends to use the proceeds to develop its high-performance hypercars and luxury smart EVs and to invest in mobility technology solutions businesses and as general working capital.

In addition, the Group reached an agreement to dispose part of its money lending business for a total consideration of HK\$408 million. The disposal will allow the Group to have a clearer focus and concentrate on the implementation of strategies to pursue opportunities in the smart mobility industry.

Further details of the above disposals are set out in the section headed “Material Acquisitions or Disposals”.

PROSPECTS AND OUTLOOK

The growing concern about climate changes has driven countries across the globe to adopt less polluting alternative modes of transport and increased the demand for electric passenger cars. The Business Research Company, a market research firm, estimates that the global market for passenger EVs will expand from US\$278.75 billion in 2022 to US\$365.72 billion in 2023, representing a 31.2% CAGR. The electric passenger cars market is expected to be worth US\$1,083.65 billion by 2027 at a CAGR of 31.2%, indicating impressive potential for the future development of the EV market.

Riding on the global surge in demand for EVs, China has emerged as one of the top EVs powerhouses. The penetration rate of new energy passenger cars in China is expected to continue to rise steadily with huge potential for growth. With increasing disposable income, the automobile market including the EV sector is undergoing consumption upgrade in China, presenting enormous potential for the Group’s businesses.

Hypercars are the epitome of luxury and high-performance cars designed to meet the needs of a selected group of customers and the market has grown in recent years due to technology advances. Over the years, the Apollo brand has earned the loyal support of ultra-high-net-worth individuals globally with its unconventional styling and ultimately high performance, demonstrating the Group's unparalleled technology and engineering capabilities. This provides the Group a solid foundation for development of its own branded luxury smart electric passenger cars.

To seize the opportunities opened up by EV revolution, the Group has sought to focus on development of luxury smart electric passenger cars and future mobility related technology and services by leveraging the Apollo's brand DNA and having WM Motor as the Group's strategic manufacturing partner. With the Apollo brand's reputation and proprietary technology, coupled with the Group's sales and distribution experience targeting luxury automobile segments as well as WM Motor's experience in automobile manufacturing, the Group will continue to excel in the development of its luxury smart electric passenger car business in response to the growing desire for high performance and luxury experience in the global market through developing a range of luxury smart electric passenger car models featuring cutting-edge mobility technology, striking design and premium personalized service.

Looking forward, the Group will continue to leverage the unique appeal of the Apollo brand and the Group's technological capabilities to utilize its synergies in both hypercars and luxury smart electric passenger cars development. Together with the Group's strategic partners, notably Divergent and EV Power, AFMG is creating an advanced mobility ecosystem that will redefine smart mobility and setting a new standard for the future of mobility.

FINANCIAL REVIEW

For the fifteen months ended 31 December 2022, the revenue of the Group increased by approximately 46.6% to approximately HK\$774.9 million as compared to approximately HK\$528.6 million for the year ended 30 September 2021. The revenue comprised revenue from mobility services segment of approximately HK\$218.8 million (year ended 30 September 2021: HK\$104.8 million), sales of jewellery products, watches and other commodities of approximately HK\$507.8 million (year ended 30 September 2021: HK\$377.2 million), and interest income from loan financing of approximately HK\$48.3 million (year ended 30 September 2021: HK\$45.1 million). During the Period, revenue from mobility services segment increased due to (i) the licensing income from the license of vehicular platform; and (ii) the revenue from engineering service outsourcing. Sales of jewellery products, watches and other commodities increased due to improved sentiment in the PRC market. Income from loan financing remained stable.

The Group's gross profit amounted to approximately HK\$159.7 million for the Period as compared to approximately HK\$131.5 million for the year ended 30 September 2021. The gross profit margin decreased to approximately 20.6% for the Period (year ended 30 September 2021: 24.9%) mainly due to decrease in margin from the sales of jewellery products, watches and other commodities to boost sales.

General and administrative expenses decreased by 6.6% to approximately HK\$275.3 million (year ended 30 September 2021: HK\$294.8 million) mainly due to the decrease in equity-settled share option expense of approximately HK\$41.7 million (year ended 30 September 2021: HK\$106.8 million) recorded during the Period as less share options were granted during the Period as compared to the year ended 30 September 2021.

Other gains/losses, net mainly comprised: (i) the fair value gains of approximately HK\$439.3 million (year ended 30 September 2021: HK\$21.9 million) on financial assets at fair value through profit or loss due to changes in market conditions; (ii) impairment of goodwill of approximately HK\$107.8 million (year ended 30 September 2021: Nil) due to the Ideenion Disposal; and (iii) fair value gains on contingent consideration payables of approximately HK\$274.9 million (year ended 30 September 2021: losses of approximately HK\$56.0 million) arising from the Group's acquisitions due to the changes in share price of the Company as at the valuation dates and the Ideenion Disposal.

Overall, the profit attributable to owners of the Company for the Period turned around to approximately HK\$263.5 million from the loss of approximately HK\$349.6 million for the year ended 30 September 2021 due to the reasons as explained above.

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 7,800 charging sites and over 37,000 charging piles (or 70,000 charging bays), covering over 50 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 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 31 December 2022, the cash and cash equivalents of the Group amounted to approximately HK\$52.5 million (30 September 2021: HK\$150.1 million), which were mainly denominated in HK\$, Renminbi ("RMB"), Euro and Japanese Yen.

The total current assets and total current liabilities of the Group as at 31 December 2022 were approximately HK\$1,340.5 million and HK\$618.9 million, respectively (30 September 2021: total current assets of HK\$1,331.9 million and total current liabilities of HK\$1,277.6 million). The Group's net current assets as at 31 December 2022 comprised inventories of approximately HK\$90.6 million (30 September 2021: HK\$173.4 million), accounts receivable, prepayments, deposits and other receivables of approximately HK\$352.4 million (30 September 2021: HK\$348.6 million) and loans receivable of approximately HK\$174.6 million (30 September 2021: HK\$652.1 million).

The Group's inventory turnover, accounts receivable turnover and accounts payable turnover periods were 98 days, 28 days and 71 days, respectively. The turnover ratios were consistent and compliant with the respective policies of the Group on credit terms granted to customers and credit terms obtained from suppliers.

During the Period, the Group financed its operations and investment activities mainly through a combination of (i) equity financing; (ii) operating cash inflows; and (iii) interest-bearing bank borrowings and convertible bonds. As at 31 December 2022, equity attributable to owners of the Company amounted to approximately HK\$4,275.4 million (30 September 2021: HK\$3,658.7 million).

The Group's total interest-bearing bank borrowings and convertible bonds issued by the Company as at 31 December 2022 amounted to approximately HK\$88.2 million (30 September 2021: HK\$122.7 million) and approximately HK\$176.2 million (30 September 2021: Nil), respectively, which were mainly denominated in HK\$, RMB and Japanese Yen. The interest-bearing bank borrowings and convertible bonds were mainly used for investment in business opportunities in order to expand into the mobility technology solutions and related business and for working capital purpose and all of which are at commercial lending variable interest rates.

The Group monitors capital on the basis of the gearing ratio. As at 31 December 2022, the gearing ratio was approximately 2.1% (30 September 2021: 3.4%). This ratio is calculated as total interest-bearing bank borrowings (other than convertible bonds) divided by total equity.

Contingent Liabilities

Details of contingent liabilities of the Group are set out in the notes to the consolidated financial statements.

Pledge of Assets

As at 31 December 2022, the Group's freehold land and buildings, certain building including right-of-use assets and accounts receivable, with an aggregate carrying amount of approximately HK\$120.1 million were pledged to secure certain bank loans to the Group of principal amount of approximately HK\$46.2 million.

Final Dividend

The Board does not recommend the payment of any dividend in respect of the Period (year ended 30 September 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 Period were mostly denominated in HK\$, RMB, EUR 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

- (i) On 24 May 2022, Ming Fung Investment Holdings Limited (“Ming Fung”), an indirect wholly-owned subsidiary of the Company, and State Energy Group International Assets Holdings Limited (“State Energy Group”) entered into an agreement, pursuant to which Ming Fung had conditionally agreed to sell and State Energy Group had conditionally agreed to acquire the entire issued share capital of Sinoforce Group Limited (together with its subsidiaries, “Sinoforce Group”), for a total cash consideration of HK\$50,000,000 (the “Sinoforce Disposal”). Sinoforce Group was principally engaged in wholesale of watches in Hong Kong, the PRC and Taiwan. The completion of the Sinoforce Disposal took place on 14 June 2022. Further details of the Sinoforce Disposal are set out in the announcement of the Company dated 24 May 2022.
- (ii) On 23 December 2022, the Company (as seller) entered into an agreement with Mobility Technology Group Inc. (“MTG”), pursuant to which the Company had conditionally agreed to sell and MTG had conditionally agreed to acquire the entire share capital of Ideenion, for a total consideration EUR15,000,000 (equivalent to approximately HK\$124,350,000) (the “Ideenion Disposal”). Ideenion Group was principally engaged in the design, development and prototyping of internal combustion engine vehicles and NEVs, including vehicle components and accessories for vehicles. The completion of the Ideenion Disposal took place on 22 February 2023. Further details of the Ideenion Disposal are set out in the announcements of the Company dated 23 December 2022 and 3 January 2023.
- (iii) On 30 December 2022, Ming Fung (as seller) entered into an agreement with Innosophi Company Limited (“Innosophi”), pursuant to which Ming Fung had conditionally agreed to sell and Innosophi had conditionally agreed to acquire the entire share capital of Chance Achieve Limited (“Chance Achieve”), for a total consideration of HK\$408,000,000 (the “Chance Achieve Disposal”). Chance Achieve is principally engaged in money lending in Hong Kong. Innosophi is an investment holding company wholly owned by Mr. Freeman Hui Shen, a non-executive Director and a substantial shareholder of the Company. The Chance Achieve Disposal constitutes (i) a disclosable transaction for the Company under Chapter 14 of the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”); (ii) a connected transaction of the Company under Chapter 14A of the Listing Rules; and (iii) a special

deal under Note 4 to Rule 25 of the Hong Kong Code on Takeovers and Mergers, and is subject to, among other things, the passing of the ordinary resolutions by the independent shareholders of the Company at the extraordinary general meeting to be convened and held. Further details of the Chance Achieve Disposal are set out in the announcements of the Company dated 30 December 2022, 11 January 2023, 17 January 2023, 20 January 2023 and 2 March 2023.

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 Period.

Events After the Reporting Period

On 11 January 2023, Castle Riches Investments Limited (“Castle Riches”), a wholly-owned subsidiary of the Company, and WM Motor entered into an acquisition agreement, pursuant to which WM Motor conditionally agreed to sell and Castle Riches conditionally agreed to purchase the entire issued share capital of WM Motor Global Investment Limited (the “WM Acquisition”). The consideration for the WM Acquisition is US\$2,023.27 million (equivalent to approximately HK\$15,853.71 million), and will be settled by way of allotment and issue of consideration shares of the Company at the issue price of HK\$0.55 per share. The WM Acquisition constitutes a very substantial acquisition and reverse takeover for the Company under the Listing Rules and the Company will be treated as if it were a new listing applicant under the Listing Rules. The WM Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Further details of the WM Acquisition and the ancillary matters including, among other things, the proposed placing of shares, whitewash waiver, interim financing, repayment of a shareholder’s loan and increase in authorised share capital of the Company are set out in the announcements of the Company dated 11 January 2023, 17 January 2023, 2 February 2023 and 2 March 2023.

Employees and Remuneration Policies

As at 31 December 2022, the Group had 139 (30 September 2021: 193) 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 31 December 2022.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Period, the Company repurchased 24,928,000 shares of the Company (the “Shares”) on the Stock Exchange for an aggregate consideration (before transaction costs) of approximately HK\$7,908,000 pursuant to the share repurchase mandate approved by the shareholders of the Company (the “Shareholders”) at the annual general meeting held on 10 March 2022. The repurchase was effected as the Board considered that the then trading price of the Shares did not reflect their intrinsic value and business prospects of the Company and that it presented a good opportunity for the Company to repurchase Shares. The Board believed that a share repurchase would demonstrate the Company’s confidence in its own business outlook and prospects and would, ultimately, benefit the Company and create value to the Shareholders. All of the Shares repurchased have been cancelled during the Period.

Details of the Shares repurchased during the Period are as follows:

Month of repurchase	No. of Shares	Highest price paid per Share <i>HK\$</i>	Lowest price paid per Share <i>HK\$</i>	Aggregate consideration <i>HK\$'000</i>
March	672,000	0.365	0.365	245
April	3,816,000	0.340	0.330	1,280
May	3,000,000	0.350	0.330	1,004
June	7,396,000	0.340	0.315	2,391
July	1,184,000	0.310	0.310	367
August	5,632,000	0.325	0.305	1,770
September	3,228,000	0.295	0.208	851
Total	<u>24,928,000</u>			<u>7,908</u>

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during the fifteen months ended 31 December 2022.

CORPORATE GOVERNANCE

During the Period, the Company has complied with the code provisions set out in the Corporate Governance Code (the "Code") as stated in Part 2 of Appendix 14 of 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 Period.

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 four independent non-executive Directors, namely Mr. Teoh Chun Ming (Chairman of the Audit Committee), Mr. Peter Edward Jackson, Mr. Charles Matthew Pecot III and Ms. Hau Yan Hannah Lee; and one non-executive Director, namely Mr. Freeman Hui Shen.

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 of the Group for the Period and this announcement.

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 Period 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 Period. 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 2022 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.

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

The Board proposes to amend the existing memorandum and articles of association of the Company (the “Existing M&A”) for the purpose of, among other things, (i) bringing the Existing M&A up to date and in line with the Core Shareholders Protection Standards as set out in Appendix 3 to the Listing Rules; (ii) reflecting certain updates in relation to the applicable laws of the Cayman Islands and the Listing Rules; and (iii) making other housekeeping amendments (collectively, the “Proposed Amendments”). In view of the number of amendments, the Board proposes to effect the Proposed Amendments by the adoption of the new memorandum and articles of association of the Company (the “New M&A”) incorporating and consolidating all the Proposed Amendments in substitution for, and to the exclusion of, the Existing M&A.

The Proposed Amendments and the proposed adoption of the New M&A are subject to the approval of the Shareholders by way of a special resolution at the forthcoming annual general meeting (the “AGM”). A circular containing, among other things, details of the Proposed Amendments and the proposed adoption of the New M&A, together with the notice of the AGM, will be despatched to the 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 Period as well as my heartfelt gratitude to our customers and business partners for their enduring support.

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

Hong Kong, 31 March 2023

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