

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in the Company, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



apollo

APOLLO FUTURE MOBILITY GROUP LIMITED

APOLLO 智慧出行集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 860)

- (1) SUBSCRIPTIONS OF NEW SHARES UNDER SPECIFIC MANDATE;
(2) CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF
NEW SHARES UNDER SPECIFIC MANDATE; AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

Financial adviser to the Company



**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



Capitalised terms used on this cover page shall have the same meaning as defined in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 6 to 22 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 23 to 24 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-17 of this circular.

A notice convening the SGM to be held at 15th Floor, Tower One, Lippo Centre, 89 Queensway, Admiralty, Hong Kong on Monday, 6 May 2024 at 11:00 a.m. is set out on pages SGM-1 to SGM-9 of this circular. A form of proxy for use at the SGM is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the website of the Company (www.apollofmg.com).

Whether or not you are able to attend the SGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event no less than 48 hours before the time appointed for the holding of the SGM (i.e. before 11:00 a.m. on Saturday, 4 May 2024) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish.

18 April 2024

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	6
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	23
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	IFA-1
APPENDIX I — GENERAL INFORMATION	I-1
NOTICE OF SGM	SGM-1

DEFINITIONS

In this circular, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“2013 Share Option Scheme”	the share option scheme adopted by the Company on 1 March 2013 and expired on 28 February 2023
“2023 Share Option Scheme”	the share option scheme adopted by the Company on 30 June 2023
“Announcement”	the announcement dated 15 March 2024 of the Company in relation to the Subscriptions
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	day(s) (excluding Saturdays, Sundays and public holidays) on which banks are open for business in Hong Kong
“Bye-laws”	the bye-laws of the Company as amended from time to time
“Company”	Apollo Future Mobility Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and whose Shares are listed on the Main Board of the Stock Exchange (stock code 860)
“Completion”	completion of the Subscriptions in accordance with the terms and conditions set out in the Subscription Agreements
“Completion Date”	the fifteenth (15th) Business Day after the day on which the conditions precedent to the Subscription Agreements have been fulfilled, or such other date as the Company and the respective Subscribers may agree in writing, on which Completion shall take place
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Convertible Bonds”	collectively, Convertible Bonds A and Convertible Bonds B
“Convertible Bonds A”	9% three-year convertible bonds due 2024 (subject to the holder’s right to request the Company to redeem one year before maturity) in the outstanding principal amount of HK\$78,000,000 issued by the Company in favour of Walong Holdings Limited (i.e., Subscriber C or CB Holder A) as at the Latest Practicable Date

DEFINITIONS

“Convertible Bonds B”	9% three-year convertible bonds due 2024 (subject to the holder’s right to request the Company to redeem one year before maturity) in the outstanding principal amount of HK\$35,100,000 issued by the Company in favour of Vivaldi International Limited (i.e., Subscriber E or CB Holder B) as at the Latest Practicable Date
“COVID-19”	novel coronavirus (COVID-19), a coronavirus identified as the cause of an outbreak of respiratory illness
“Directors”	directors of the Company
“EUR”	Euro, the lawful currency of the European Union
“EV(s)”	electric vehicle(s)
“Group”	the Company and its subsidiaries for the time being
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Board which comprises all the independent non-executive Directors to advise the Independent Shareholders as to the Subscription Agreement A and the transactions contemplated thereunder (including the granting of the Specific Mandate for the issue and allotment of the relevant Subscription Shares)
“Independent Financial Adviser” or “Emperor Corporate Finance”	Emperor Corporate Finance Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement A and the transactions contemplated thereunder (including the granting of the Specific Mandate for the issue and allotment of the relevant Subscription Shares)
“Independent Shareholders”	the Shareholder(s), other than those who are required under the Listing Rules to abstain from voting at the SGM to approve the Subscription Agreement A and the transactions contemplated thereunder (including the granting of the Specific Mandate for the issue and allotment of the relevant Subscription Shares)

DEFINITIONS

“Last Trading Day”	14 March 2024, being the last trading day of the Shares immediately before the entering into of the Subscription Agreements
“Latest Practicable Date”	15 April 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Law(s)”	all applicable laws, legislation, statutes, directives, rules, regulations, judgments, decisions, decrees, orders, guidelines, instruments, by-laws, and other legislative measures or decisions having the force of law, treaties, conventions and other agreements between states, or between states and other supranational bodies, rules of common law, customary law and equity and all civil or other codes and all other laws of, or having effect in, any jurisdiction from time to time
“Listing Committee”	has the meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date falling on the expiration of six (6) months from the date of the Subscription Agreements (or such later date as may be agreed by the respective parties thereto in writing)
“PRC”	the People’s Republic of China which, for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	a special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Subscription Agreements and the transactions contemplated thereunder (including the granting of the Specific Mandate for the issue and allotment of the Subscription Shares)
“SGM Notice”	the notice for convening the SGM which is set out on pages SGM-1 to SGM-9 of this circular
“Share(s)”	the ordinary share(s) with a par value of HK\$0.01 each in the share capital of the Company

DEFINITIONS

“Share Options”	57,524,400 outstanding options granted under the 2013 Share Option Scheme and the 2023 Share Option Scheme
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be obtained from the Independent Shareholders at the SGM to issue and allot the relevant Subscription Shares to the respective Subscribers pursuant to the respective Subscription Agreements
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber A”	Ruby Charm Investment Limited, details of which are described in the section headed “Information on the Subscribers” in this circular
“Subscriber B”	Atlantis Multi-Strategy Capital VCC (on behalf of MPW Index Supreme Investment Fund), details of which are described in the section headed “Information on the Subscribers” in this circular
“Subscriber C” or “CB Holder A”	Walong Holdings Limited, details of which are described in the section headed “Information on the Subscribers” in this circular
“Subscriber D”	Talent Frontier Limited, details of which are described in the section headed “Information on the Subscribers” in this circular
“Subscriber E” or “CB Holder B”	Vivaldi International Limited, details of which are described in the section headed “Information on the Subscribers” in this circular
“Subscriber F”	Ocean Dynasty Investments Limited, details of which are described in the section headed “Information on the Subscribers” in this circular
“Subscriber G”	Goldrank Limited, details of which are described in the section headed “Information on the Subscribers” in this circular
“Subscriber H”	Sino-Alliance International, Ltd., details of which are described in the section headed “Information on the Subscribers” in this circular
“Subscriber I”	Top Laurels Limited, details of which are described in the section headed “Information on the Subscribers” in this circular

DEFINITIONS

“Subscribers”	the subscribers subscribing for the Subscription Shares under the Subscriptions, including, Subscriber A, Subscriber B, Subscriber C, Subscriber D, Subscriber E, Subscriber F, Subscriber G, Subscriber H and Subscriber I
“Subscription Agreement A”	the subscription agreement entered into between the Company and Subscriber A dated 15 March 2024 in relation to the Subscription
“Subscription Agreements”	the subscription agreements entered into between the Company and each of the Subscribers respectively dated 15 March 2024 in relation to the Subscriptions, and each a “Subscription Agreement”
“Subscription Price”	HK\$0.46 per Subscription Share
“Subscription Shares”	445,652,177 Shares to be issued by the Company pursuant to the Subscriptions
“Subscription(s)”	the subscriptions of the Subscription Shares by the Subscribers pursuant to the terms and conditions of the Subscription Agreements
“substantial shareholder(s)”	having the meaning ascribed thereto under the Listing Rules
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

* *For identification purpose only*

LETTER FROM THE BOARD



apollo

APOLLO FUTURE MOBILITY GROUP LIMITED

APOLLO 智慧出行集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 860)

Executive Directors:

Mr. Hui Chun Ying (*Chairman*)
Ms. Chen Yizi

Registered office:

Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

Independent non-executive Directors:

Mr. Teoh Chun Ming
Mr. Peter Edward Jackson
Mr. Charles Matthew Pecot III
Ms. Hau Yan Hannah Lee

Principal place of business in Hong Kong:

Units 2001–2002, 20/F
Li Po Chun Chambers
189 Des Voeux Road Central
Sheung Wan, Hong Kong

18 April 2024

To the Shareholders

Dear Sir/Madam,

- (1) SUBSCRIPTIONS OF NEW SHARES UNDER SPECIFIC MANDATE;
(2) CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF
NEW SHARES UNDER SPECIFIC MANDATE; AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement. The purpose of this circular is to provide you with, among other things, (i) further information on the Subscriptions; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of convening the SGM.

LETTER FROM THE BOARD

THE SUBSCRIPTIONS

On 15 March 2024 (after trading hours), the Company and the Subscribers entered into the Subscription Agreements respectively, pursuant to which the Company has conditionally agreed to issue and allot, and the Subscribers have agreed to subscribe for, an aggregate of 445,652,177 Subscription Shares at the Subscription Price of HK\$0.46 per Subscription Share.

The Subscription Agreements

The principal terms and conditions of the Subscription Agreements are set out below.

Date : 15 March 2024

Issuer : The Company

Subscribers : each of the Subscribers

Subscription Shares

Assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date and up to Completion other than as a result of the Subscriptions, the total number of 445,652,177 Subscription Shares (of an aggregate nominal value of HK\$4,456,521.77) to be issued and allotted to the Subscribers respectively under the Subscriptions represent (i) approximately 77.26% of the total number of issued Shares as at the Latest Practicable Date; and (ii) approximately 43.59% of the total number of issued Shares as enlarged by the issue and allotment of the Subscription Shares immediately after Completion.

Details of the relevant Subscription Shares to be subscribed by each of the Subscribers are as follows:

Subscriber	Number of relevant Subscription Shares	As at the Latest Practicable Date	Immediately after Completion	Aggregate Subscription Price
		<i>Approximate % of the total number of issued Shares</i>	<i>Approximate % of the total number of issued Shares as enlarged by the proposed issue and allotment of the Subscription Shares (Note 1)</i>	<i>HK\$</i>
Subscriber A	95,652,174	16.58	9.36	44,000,000.04
Subscriber B	153,260,870	26.57	14.99	70,500,000.20
Subscriber C	84,782,609	14.70	8.29	39,000,000.14
Subscriber D	50,869,566	8.82	4.98	23,400,000.36
Subscriber E	12,717,392	2.20	1.24	5,850,000.32
Subscriber F	11,992,501	2.08	1.17	5,516,550.46
Subscriber G	724,891	0.13	0.07	333,449.86
Subscriber H	29,347,826	5.09	2.87	13,499,999.96
Subscriber I	6,304,348	1.09	0.62	2,900,000.08
Total	445,652,177	77.26	43.59	205,000,001.42

LETTER FROM THE BOARD

Notes:

1. Assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to Completion other than as a result of the Subscriptions.
2. Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

Subscription Price

The Subscription Price of HK\$0.46 per Subscription Share represents:

- (i) a discount of approximately 9.80% to the closing price of HK\$0.51 per Share as quoted on the Stock Exchange on 15 March 2024, being the date of the Subscription Agreements;
- (ii) a discount of approximately 16.36% to the average closing price of approximately HK\$0.55 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreements; and
- (iii) a discount of approximately 8.00% to the closing price of HK\$0.50 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers with reference to, among other things, the prevailing trading price of the Shares and the amount of funds required to be raised by the Company. In view of (i) during the 6-month period prior to the Last Trading Day (the "**Review Period**"), the closing price of the Shares has been in a decreasing trend with a range from HK\$1.50 per Share on 20 September 2023 to HK\$0.49 per Share on 8 February 2024, and reached HK\$0.51 on the Last Trading Day, despite an average closing price of the Shares of approximately HK\$0.79 during the Review Period; (ii) the reasonable practice in the market to issue share at a discount to the price per share on the last trading day, with reference to the challenging market conditions and unfavourable price trend, to attract subscribers to inject new and sufficient funds to the Company; and (iii) the reasons for the Subscriptions and the use of proceeds as discussed in the section headed "REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS", the Directors consider that the Subscription Price and the terms of the Subscription Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Payment terms

Payment of the Subscription Price of approximately HK\$39.0 million by Subscriber C shall be made at Completion by way of set-off in full against that part of the principal amount under the Convertible Bonds A owing by the Company to Subscriber C (being HK\$78,000,000 as at the Latest Practicable Date) on a dollar-to-dollar basis (the "**CB Offset**").

LETTER FROM THE BOARD

Save as disclosed above, the remaining aggregate Subscription Price of approximately HK\$166.0 million payable by the other Subscribers shall be paid and satisfied in cash at Completion.

Ranking of Subscription Shares

The Subscription Shares, when issued and fully paid, will rank *pari passu* among themselves and with all other fully paid Shares in issue as at the Completion Date save as regards any right to (i) dividend which may be declared or paid by the Company; or (ii) any other form of shareholder's rights or benefits against the Company, in either case by reference to a record date which is prior to the Completion Date. The Company confirms that as at the Latest Practicable Date, (a) it has not declared any dividend which is outstanding and not yet paid; and (b) it does not have any intention to make, declare or pay any future dividend or make other distributions prior to and including the Completion Date.

Application for listing

Application will be made to the Stock Exchange for approval for the listing of and permission to deal in the Subscription Shares on the Main Board of the Stock Exchange.

Specific Mandate

The Subscription Shares will be issued and allotted to the Subscribers under the Specific Mandate which will be sought from the Independent Shareholders at the SGM.

Conditions precedent

On the basis that the Company and the Subscribers have entered into their respective Subscription Agreements as at the Latest Practicable Date, Completion is conditional upon the following conditions being fulfilled as at or prior to Completion:

- (a) the passing by the Shareholders at the SGM the respective resolutions as may be required under the Listing Rules, the Bye-laws and/or any other applicable Laws and regulations including, without limitation, resolutions approving, ratifying and confirming the entering into the Subscription Agreements by the Company with the Subscribers respectively, and approving the issue and allotment by the Company of the Subscription Shares and the transactions thereby contemplated;
- (b) all necessary consents and approvals required to be obtained by the Company in respect of the entering into, execution, delivery and performance of the Subscription Agreements and the transactions thereby contemplated having been obtained;
- (c) the Stock Exchange having granted approval for the listing of, and permission to deal in, the Subscription Shares on the Main Board of the Stock Exchange and such approval and permission not being subsequently withdrawn or revoked by the Stock Exchange; and

LETTER FROM THE BOARD

- (d) the representations, warranties and undertakings given and made by the Company to the Subscribers pursuant to the Subscription Agreements remaining true and accurate in all material respects.

The listing approval for the Subscription Shares to be granted by the Stock Exchange and the approval from the Shareholders at the SGM to approve the Subscription Agreements and the transactions contemplated thereunder are the only outstanding specific consents and approval required to be obtained on the part of the Company as referred to under condition (b) above. There is no other outstanding consent or approval required to be obtained by the parties to the Subscription Agreements.

If any of the conditions set out above shall not have been fulfilled at or before 6:00 p.m. on the Long Stop Date, the Subscription Agreement(s) shall automatically lapse, and thereupon the Subscription Agreement(s) and everything therein contained including all rights and obligations of the parties under the Subscription Agreement(s) shall (except the confidentiality provisions as a surviving provision), subject to the liability of any party therein to the other in respect of any antecedent breach of the terms thereof, be null and void and of no further effect.

As at the Latest Practicable Date, none of the said conditions precedent had been satisfied.

Completion

Completion of the Subscription under the respective Subscription Agreements is not inter-conditional with each other. Subject to the conditions specified in the Subscription Agreements being fulfilled, Completion shall take place in accordance with the terms of the Subscription Agreements at the Hong Kong office of the Company at 4:30 p.m. on the Completion Date or at such other time and/or place as the Company and the respective Subscribers may agree in writing.

REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS

Use of proceeds

The gross proceeds from the Subscriptions will be approximately HK\$205.0 million and the net proceeds from the Subscriptions (after taking into account of the CB Offset of approximately HK\$39.0 million and the deduction of all professional fees and related expenses of approximately HK\$3.5 million) is estimated to be approximately HK\$162.5 million, representing a net Subscription Price of approximately HK\$0.36 per Subscription Share. The Subscriptions will enable the Company to strengthen the financial position of the Company. The intended use of the net proceeds from the Subscriptions would be (i) as to approximately HK\$75.0 million or 46.2% for repayment of the indebtedness of the Group; (ii) as to approximately HK\$71.3 million or 43.8% for the research and development of hypercars and EVs; and (iii) as to approximately HK\$16.2 million or 10.0% for general working capital including salary payments, legal and professional fees and other general corporate purposes.

LETTER FROM THE BOARD

In the event that not all of the Subscription Agreements are completed in full, the allocation of the net proceeds for the above proposed uses of proceeds will be utilised in accordance with the abovementioned order of priority.

Reasons for the Subscriptions

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 smart EVs and provision of mobility technology solutions (the “**Mobility Services Business**”); (ii) retailing and wholesale of jewellery products, watches and other commodities; and (iii) money lending.

(i) Funding needs for business development

As disclosed in the annual results announcement of the Company for the year ended 31 December 2023 (the “**2023 Annual Results**”), the growing concern over the negative effects of climate changes has propelled nations worldwide to embrace eco-friendlier modes of transportation and intensify the demand for EVs. According to Bloomberg, the adoption of EVs is expected to increase significantly in the coming years, with a projected 100 million passenger EVs on the roads by 2026. Sales of passenger EVs are expected to rise sharply, with estimates of 42 million units in 2030. Certain countries such as the PRC, Germany, South Korea, France, the UK and the Nordic countries are expected to have faster EV adoption rates. The outlook for the EV market is highly encouraging, with indications of significant growth and development in the years ahead. The Group is well positioned to capitalise on the vast potential of the global EV market, leveraging its expertise in the development of high-performance, luxury smart electric passenger cars to meet the needs and aspirations of consumers.

Notwithstanding the bright prospect of the EV market, EV production is a cash-burning business, whereas ramping up production of a new model is a risky and expensive process. The Group has been facing challenges arising from increasingly intensive market competition amid the COVID-19 outbreak, while the Group’s next generation hypercar is still under development, which requires substantial and continuous monetary support to invest in the research and development. The Group is racing to bring new models to capitalise on the momentum of the surging demand for EVs, cementing its position as one of the leaders in the luxury mobility market to accommodate the intensive market competition and rising production costs which is expected to require greater cash buffer.

The increasing number of EV players and EV production volume in the market led to increasing demand for key raw materials and components for smart EVs, while the COVID-19 outbreak and restrictive measures adopted by governments together with other adverse macro factors (such as the Russia-Ukraine conflict), had severely disrupted the global supply chain. As a result, the Group has experienced shortages and prices increases of certain key raw materials and components (including semi-conductor containing products and battery cells). The Group foresees that there will still be volatility in the price of the key raw materials and components in the near future and the Subscriptions will allow the Group to promptly react to any abrupt market change to satisfy its business needs.

LETTER FROM THE BOARD

The Group has continued to transform into and build up its position as a leading mobility services provider by unveiling to the market its next generation concepts and achievements in technology research and development. In view of the challenging market conditions and in order to ensure the continuous business growth and expansion of the Group, the Directors consider that it is in the interests of the Company to raise additional capital in a timely manner to maintain competitiveness and strengthen the cash flow position of the Group in the long run for its business development.

(ii) Repayment of indebtedness

References are made to the announcements of the Company dated 8 September 2023, 9 October 2023 and 18 January 2024 in relation to the Convertible Bonds. As at the Latest Practicable Date, there are outstanding Convertible Bonds with an aggregate principal amount of HK\$113,100,000, which are convertible into 10,281,818 Shares at the conversion price of HK\$11.0 per Share. The CB Holder B has agreed to extend the early redemption date of Convertible Bonds B in the outstanding principal amount of HK\$35,100,000 to 4 April 2024.

In respect of Convertible Bonds A, payment of the Subscription Price of approximately HK\$39.0 million by Subscriber C shall be made at Completion by way of set-off in full against that part of the principal amount under Convertible Bonds A owing by the Company to Subscriber C (being HK\$78,000,000 as at the Latest Practicable Date) on a dollar-to-dollar basis. The payment of the remaining balance payable under Convertible Bonds A (together with the accrued interest) will be made by the Company by utilising part of the net proceeds from the Subscriptions.

As disclosed in the 2023 Annual Results, the Group's revenue decreased from approximately HK\$774.9 million for the fifteen months ended 31 December 2022 to approximately HK\$279.2 million for the year ended 31 December 2023, and recorded a net loss of approximately HK\$869.0 million. Such decrease was mainly due to (i) the decrease in licensing income and sales and distribution of vehicles as the next generation hypercar was still under development; and (ii) the strategic disposal of certain subsidiaries. As at 31 December 2023, the Group's interest-bearing bank borrowings and convertible bonds amounted to approximately HK\$37.8 million and HK\$121.2 million, respectively, whilst its cash and cash equivalents amounted to approximately HK\$64.3 million. Having considered the deteriorating financial position of the Group, and the repayment deadline of the Convertible Bonds as mentioned above, the Directors consider that immediate financing is necessary to settle the Convertible Bonds in full on the one hand and, on the other hand, sufficient liquidity and cash reserve shall be made available for future development of the Group's core businesses. Hence, the Directors consider that it is essential to remain cautious in its treasury planning and to maintain a relatively high level of cash on hand to support the working capital requirements of the Group's daily operation.

Taking into consideration of the Group's (i) outstanding indebtedness; (ii) working capital requirement; and (iii) current financial conditions, the Company has been proactively seeking equity and debt financing opportunities and implementing strategies to conduct active dialogue with the CB Holder A and CB Holder B and the major Shareholders on the Group's business developments so as to improve the overall financing cash flows and accommodate the payment

LETTER FROM THE BOARD

terms of the current and future indebtedness of the Group. In light of the above, the Subscriptions will allow the Company to fully settle the Convertible Bonds (together with the accrued interest) with sufficient fundings retained for general working capital and business development, while improving the gearing level and hence strengthening the overall financial position of the Group.

Financing alternatives

The Directors have considered various fund raising proposals including debt financing and bank borrowings, and various means of equity financing such as rights issue, open offer and placement of Shares.

In respect of debt financing and bank borrowings, taking into consideration that (i) one of the rationales for the Subscriptions is to improve the Group's gearing level which could not be achieved by debt financing; (ii) the Subscriptions do not incur any interest expenses as compared to bank financing or issue of bonds; and (iii) bank financing generally involves pledge of assets and/or securities which may reduce the Group's flexibility, therefore, the Directors consider debt financing and bank borrowings are not viable financing alternatives for the Group.

In respect of equity financing, taking into consideration that (i) pre-emptive fundraising methods such as rights issue or open offer normally take at least five to six weeks, and lengthy discussions with potential commercial underwriters may also be involved; (ii) additional costs, including but not limited to underwriting commission and other professional fees may be incurred; (iii) rights issue, open offer and placement of new Shares may be subject to underwriting uncertainty and market risk; and (iv) the Company attempted to engage placing agent for share placement or underwriter for rights issue/open offer but in vain under the current market conditions, therefore, the Directors consider equity financing is not a viable financing alternative for the Group.

In light of the above, in particular the time and costs incurred, and the uncertainties involved for debt financing and equity financing as compared to that of the Subscriptions, the Directors are of the view that the Subscriptions are comparatively a more appropriate and viable mean of fund raising in light of the Group's circumstances.

In view of the foregoing, the Directors consider that the Subscriptions can (i) relieve the Group from short-term repayment obligations for the indebtedness; (ii) maintain available cash for the future business development of the Group; and (iii) enlarge the Shareholders' base by introducing new shareholders to the Company. As such, the Directors consider that the terms of the Subscription Agreements and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Set out below are the details of the equity fund raising activity of the Company conducted in the past twelve months immediately preceding the Latest Practicable Date.

Date of announcements	Fund raising activity	Net proceeds raised (Approx.)	Intended use of the net proceeds (Approx.)	Actual use of proceeds (Approx.)
15 January 2024 and 24 January 2024	Placing of new Shares under general mandate	HK\$48.0 million	(i) HK\$10.0 million for repayment of the indebtedness of the Group; and (ii) HK\$38.0 million for general working capital	(i) HK\$10.0 million has been used as intended. (ii) HK\$17.2 million has been used as intended and the remaining balance of approximately HK\$20.8 million is deposited in the bank and will be utilised as intended and is expected to be utilised by 31 December 2024.

Save as disclosed above, the Company has not carried out any other equity fund raising activities during the 12 months immediately preceding the Latest Practicable Date.

LETTER FROM THE BOARD

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after Completion (assuming that the outstanding Share Options have not been exercised, the Convertible Bonds have not been converted into Shares and there is no change in the issued share capital of the Company from the Latest Practicable Date and up to Completion other than as a result of the Subscriptions); and (iii) immediately after Completion (assuming that the outstanding Share Options are fully exercised, the Convertible Bonds are fully converted and there is no change in the issued share capital of the Company from the Latest Practicable Date and up to Completion other than as a result of the Subscriptions):

Scenario A: Assuming all Subscriptions being completed

	As at the Latest Practicable Date		Immediately after Completion (assuming that the outstanding Share Options have not been exercised, the Convertible Bonds have not been converted into Shares and there is no change in the issued share capital of the Company from the Latest Practicable Date and up to Completion other than as a result of the Subscriptions)		Immediately after Completion (assuming that the outstanding Share Options are fully exercised, the Convertible Bonds are fully converted and there is no change in the issued share capital of the Company from the Latest Practicable Date and up to Completion other than as a result of the Subscriptions)	
	Number of Shares	%	Number of Shares	(Approx.) %	Number of Shares	(Approx.) %
A: Non-public Shareholders						
Subscriber A ^(Note 1)	124,485,808	21.58	220,137,982	21.53	222,637,982	20.49
Subscriber B	—	—	153,260,870	14.99	153,260,870	14.10
Mr. Teoh Chun Ming ^(Note 2)	—	—	—	—	250,000	0.02
Mr. Peter Edward Jackson ^(Note 3)	—	—	—	—	250,000	0.02
Mr. Charles Matthew Pecot III ^(Note 4)	—	—	—	—	200,000	0.02
WM Motor Holdings Limited ^(Note 5)	113,777,267	19.73	113,777,267	11.13	113,777,267	10.47
Sub-total	238,263,075	41.31	487,176,119	47.65	490,376,119	45.12
B: Public Shareholders						
Subscriber C ^(Note 6)	—	—	84,782,609	8.29	88,328,063	8.13
Subscriber D	—	—	50,869,566	4.98	50,869,566	4.68
Subscriber E ^(Note 7)	16,523,292	2.86	29,240,684	2.86	32,431,593	2.98
Subscriber F	15,580,975	2.70	27,573,476	2.70	27,573,476	2.54
Subscriber G	942,316	0.16	1,667,207	0.16	1,667,207	0.15
Subscriber H	21,593,800	3.74	50,941,626	4.98	50,941,626	4.69
Subscriber I	2,476,200	0.43	8,780,548	0.86	8,780,548	0.81
Sub-total	57,116,583	9.89	253,855,716	24.83	260,592,079	23.98
Sub-total of Subscribers	181,602,391	31.47	627,254,568	61.35	636,490,931	58.57
C: Other public Shareholders						
Other public Shareholders	281,406,255	48.80	281,406,255	27.52	335,730,655	30.90
(B+C): Sub-total of public Shareholders	338,522,838	58.69	535,261,971	52.35	596,322,734	54.88
(A+B+C): Total	576,785,913	100	1,022,438,090	100	1,086,698,853	100

LETTER FROM THE BOARD

Notes:

1. Among 124,485,808 Shares, (i) 123,641,208 Shares are owned by Ruby Charm Investment Limited, a private company directly wholly-owned by Mr. Ho King Man, Justin; and (ii) 844,600 Shares are owned by Jumbo Eagle Investments Limited, a private company directly wholly-owned by Mr. Ho King Man, Justin. Mr. Ho King Man, Justin is also the beneficial owner of 2,500,000 Share Options under the 2013 Share Option Scheme (with an exercise price of HK\$35.64).
2. Mr. Teoh Chun Ming is an independent non-executive Director and is the beneficial owner of 250,000 Share Options under the 2013 Share Option Scheme (50,000 Share Options with an exercise price of HK\$9.50, 100,000 Share Options with an exercise price of HK\$15.60 and 100,000 Share Options with an exercise price of HK\$8.90).
3. Mr. Peter Edward Jackson is an independent non-executive Director and is the beneficial owner of 250,000 Share Options under the 2013 Share Option Scheme (50,000 Share Options with an exercise price of HK\$9.50, 100,000 Share Options with an exercise price of HK\$15.60 and 100,000 Share Options with an exercise price of HK\$8.90).
4. Mr. Charles Matthew Pecot III is an independent non-executive Director and is the beneficial owner of 200,000 Share Options under the 2013 Share Option Scheme (100,000 Share Options with an exercise price of HK\$15.60 and 100,000 Share Options with an exercise price of HK\$8.90).
5. These Shares are held by WM Motor Holdings Limited, of which 65.41% of the voting right is held by Timeless Hero Limited. Timeless Hero Limited is wholly-owned by Freeman Schenk Limited, which is in turn wholly-owned by Cantrust (Far East) Limited. Cantrust (Far East) Limited is the trustee of New Freeman Schenk Trust, a discretionary trust established by Mr. Freeman Hui Shen as the settlor. Accordingly, Mr. Freeman Hui Shen should be deemed to be interested in these Shares.
6. Upon Completion (after taking into account of the CB Offset), Walong Holdings Limited will hold these Shares and the Convertible Bonds A in the principal amount of approximately HK\$39.0 million (convertible into 3,545,454 Shares).
7. Vivaldi International Limited holds Convertible Bonds B in the principal amount of HK\$35,100,000 (convertible into 3,190,909 Shares).
8. Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

LETTER FROM THE BOARD

Scenario B: Assuming the Shares held by public Shareholders would be at the lowest percentage ^(Note 9)

	As at the Latest Practicable Date		Immediately after Completion (assuming that the outstanding Share Options have not been exercised, the Convertible Bonds have not been converted into Shares and there is no change in the issued share capital of the Company from the Latest Practicable Date and up to Completion other than as a result of the Subscriptions)		Immediately after Completion (assuming that the outstanding Share Options are fully exercised, the Convertible Bonds are fully converted and there is no change in the issued share capital of the Company from the Latest Practicable Date and up to Completion other than as a result of the Subscriptions)	
	Number of Shares	%	Number of Shares	(Approx.) %	Number of Shares	(Approx.) %
A: Non-public Shareholders						
Subscriber A ^(Note 1)	124,485,808	21.58	220,137,982	26.66	222,637,982	24.92
Subscriber B	—	—	153,260,870	18.56	153,260,870	17.15
Mr. Teoh Chun Ming ^(Note 2)	—	—	—	—	250,000	0.03
Mr. Peter Edward Jackson ^(Note 3)	—	—	—	—	250,000	0.03
Mr. Charles Matthew Pecot III ^(Note 4)	—	—	—	—	200,000	0.02
WM Motor Holdings Limited ^(Note 5)	113,777,267	19.73	113,777,267	13.78	113,777,267	12.73
Sub-total	238,263,075	41.31	487,176,119	59.00	490,376,119	54.88
B: Public Shareholders						
Subscriber C ^(Note 6)	—	—	—	—	7,090,909	0.79
Subscriber D	—	—	—	—	—	—
Subscriber E ^(Note 7)	16,523,292	2.86	16,523,292	2.00	19,714,201	2.21
Subscriber F	15,580,975	2.70	15,580,975	1.89	15,580,975	1.74
Subscriber G	942,316	0.16	942,316	0.11	942,316	0.11
Subscriber H	21,593,800	3.74	21,593,800	2.62	21,593,800	2.42
Subscriber I	2,476,200	0.43	2,476,200	0.30	2,476,200	0.28
Sub-total	57,116,583	9.89	57,116,583	6.92	67,398,401	7.55
Sub-total of Subscribers	181,602,391	31.47	430,515,435	52.14	443,297,253	49.62
C: Other public Shareholders						
Other public Shareholders	281,406,255	48.80	281,406,255	34.08	335,730,655	37.57
(B+C): Sub-total of public Shareholders	338,522,838	58.69	338,522,838	41.00	403,129,056	45.12
(A+B+C): Total	576,785,913	100	825,698,957	100	893,505,175	100

Notes:

- Among 124,485,808 Shares, (i) 123,641,208 Shares are owned by Ruby Charm Investment Limited, a private company directly wholly-owned by Mr. Ho King Man, Justin; and (ii) 844,600 Shares are owned by Jumbo Eagle Investments Limited, a private company directly wholly-owned by Mr. Ho King Man, Justin. Mr. Ho King Man, Justin is also the beneficial owner of 2,500,000 Share Options under the 2013 Share Option Scheme (with an exercise price of HK\$35.64).
- Mr. Teoh Chun Ming is an independent non-executive Director and is the beneficial owner of 250,000 Share Options under the 2013 Share Option Scheme (50,000 Share Options with an exercise price of HK\$9.50, 100,000 Share Options with an exercise price of HK\$15.60 and 100,000 Share Options with an exercise price of HK\$8.90).

LETTER FROM THE BOARD

3. Mr. Peter Edward Jackson is an independent non-executive Director and is the beneficial owner of 250,000 Share Options under the 2013 Share Option Scheme (50,000 Share Options with an exercise price of HK\$9.50, 100,000 Share Options with an exercise price of HK\$15.60 and 100,000 Share Options with an exercise price of HK\$8.90).
4. Mr. Charles Matthew Pecot III is an independent non-executive Director and is the beneficial owner of 200,000 Share Options under the 2013 Share Option Scheme (100,000 Share Options with an exercise price of HK\$15.60 and 100,000 Share Options with an exercise price of HK\$8.90).
5. These Shares are held by WM Motor Holdings Limited, of which 65.41% of the voting right is held by Timeless Hero Limited. Timeless Hero Limited is wholly-owned by Freeman Schenk Limited, which is in turn wholly-owned by Cantrust (Far East) Limited. Cantrust (Far East) Limited is the trustee of New Freeman Schenk Trust, a discretionary trust established by Mr. Freeman Hui Shen as the settlor. Accordingly, Mr. Freeman Hui Shen should be deemed to be interested in these Shares.
6. Walong Holdings Limited holds Convertible Bonds A in the principal amount of approximately HK\$78.0 million (convertible into 7,090,909 Shares).
7. Vivaldi International Limited holds Convertible Bonds B in the principal amount of HK\$35,100,000 (convertible into 3,190,909 Shares).
8. Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.
9. Assuming that the Subscriptions under the Subscription Agreement A and Subscription Agreement B are completed, while the Subscriptions under the Subscription Agreement C, Subscription Agreement D, Subscription Agreement E, Subscription Agreement F, Subscription Agreement G, Subscription Agreement H and Subscription Agreement I are not completed.

INFORMATION ON THE SUBSCRIBERS

Subscriber A

Subscriber A, Ruby Charm Investment Limited, is a company incorporated in the British Virgin Islands with limited liability and an investment holding company. The ultimate beneficial owner of Subscriber A is Mr. Ho King Man, Justin.

As at the Latest Practicable Date, Mr. Ho King Man, Justin is a senior advisor to the Board and is interested in 124,485,808 Shares, representing approximately 21.58% of the existing issued share capital of the Company as at the Latest Practicable Date, and therefore is a connected person of the Company under the Listing Rules. Upon Completion, Mr. Ho King Man, Justin will be interested in 220,137,982 Shares, representing approximately 21.53% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares.

As at the Latest Practicable Date, Mr. Ho King Man, Justin is the holder of 2,500,000 Share Options granted by the Company on 13 March 2018 under the 2013 Share Option Scheme.

LETTER FROM THE BOARD

Subscriber B

Subscriber B, Atlantis Multi-Strategy Capital VCC (on behalf of MPW Index Supreme Investment Fund), is a variable capital company incorporated in Singapore under the Singapore Variable Capital Companies Act. The investment strategy of MPW Index Supreme Investment Fund is to consistently generate positive returns in the long run throughout diverse economic cycles by seeking high conviction investment opportunities. The manager of MPW Index Supreme Investment Fund is Atlantis Investment Management (Singapore) Pte. Ltd., a holder of Capital Markets Services Licence issued pursuant to the Securities and Futures Act 2001 of Singapore. Atlantis Investment Management (Singapore) Pte. Ltd. is wholly owned by Atlantis Capital Group Holdings Limited, which is in turn wholly owned by Ms. Liu Yang.

Subscriber C

Subscriber C, Walong Holdings Limited, is a company incorporated in the British Virgin Islands with limited liability and an investment holding company. The ultimate beneficial owner of Subscriber C is Ms. Hoi Wa Fan. Subscriber C is also referred to herein as CB Holder A.

Subscriber D

Subscriber D, Talent Frontier Limited, which is a company incorporated in the British Virgin Islands with limited liability and an investment holding company. The ultimate beneficial owner of Subscriber D is Mr. Wong Chen Yau.

Subscriber E

Subscriber E, Vivaldi International Limited, is a company incorporated in the British Virgin Islands with limited liability and an investment holding company. The ultimate beneficial owner of Subscriber E is Ms. Chau Hoi Shuen Solina Holly. Subscriber E is also referred to herein as CB Holder B.

Subscriber F

Subscriber F, Ocean Dynasty Investments Limited, is a company incorporated under the laws of the British Virgin Islands and a subsidiary of Li Ka Shing Foundation 2020 (the “**Foundation**”) which was founded by Mr. Li Ka Shing (“**Mr. Li**”) to support charitable purposes.

Subscriber G

Subscriber G, Goldrank Limited, is a company incorporated under the laws of the British Virgin Islands and a subsidiary of the Foundation which was founded by Mr. Li to support charitable purposes.

LETTER FROM THE BOARD

Subscriber H

Subscriber H, Sino-Alliance International, Ltd., is a private company directly wholly owned by Shanghai Alliance Investment Ltd.* (上海聯和投資有限公司) (“SAIL”). SAIL is a state-owned venture capital investment company, which invests in high-tech, financial services, healthcare, and emerging low-carbon sectors. SAIL was founded in 1994 and is based in Shanghai, the PRC.

As at the Latest Practicable Date, WESail New Energy Automotive Co. Ltd.* (上海聯和力世紀新能源汽車有限公司) (the “JV”) is a non-wholly owned subsidiary of the Company, which is held as to 60% by a wholly-owned subsidiary of the Company and as to 40% by SAIL. The related applicable percentage ratios of the JV as defined under Rule 14A.09 of the Listing Rules did not exceed 10% for each of the three consecutive years ended 31 December 2023. Therefore, the JV is an insignificant subsidiary of the Company under Rule 14A.09(1) of the Listing Rules, pursuant to which, Subscriber H or its controlling shareholder(s) is not a connected person of the Company under Chapter 14A of the Listing Rules.

Subscriber I

Subscriber I, Top Laurels Limited, is a company incorporated in the Cayman Islands with limited liability and an investment holding company. The ultimate beneficial owner of Subscriber I is ShanghaiTech University (上海科技大學), which is jointly founded by the Chinese Academy of Sciences and the Shanghai Municipal Government in 2013.

To the best of the Directors’ knowledge, information and belief after having made all reasonable enquires, (i) save for Subscriber A, Subscriber C, Subscriber E, Subscriber F, Subscriber G, Subscriber H, Subscriber I, none of the other Subscribers or its controlling shareholder(s) hold any Shares or underlying Shares prior to the entering into of the Subscription Agreements; and (ii) save for Subscriber A, each of the Subscribers and its ultimate beneficial owner is a third party independent of and not connected with the Company and its connected persons. Upon Completion, save for Subscriber A and Subscriber B, none of the other Subscribers nor their respective associates will become a substantial Shareholder of the Company.

LISTING RULES IMPLICATIONS

As the ultimate beneficial owner of Subscriber A, Mr. Ho King Man, Justin, is a substantial Shareholder and hence a connected person of the Company, the Subscription Agreement A and the transactions contemplated thereunder constitute a connected transaction of the Company and shall be subject to the reporting, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the Subscription Agreements and the transactions contemplated thereunder and was required to abstain from voting on the relevant resolutions at the Board meeting.

LETTER FROM THE BOARD

The Subscriptions are conditional upon, among other things, the passing of ordinary resolutions by the Independent Shareholders at the SGM and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

The SGM

Set out on pages SGM-1 to SGM-9 of this circular is the SGM Notice convening the SGM for the Independent Shareholders to consider and, if thought fit, approve, among other things, the entering into the Subscription Agreements by the Company with the Subscribers respectively and the transactions contemplated thereunder, including the approval for the connected transaction pursuant to the Subscription Agreement A, the granting of the Specific Mandate and the issue of the Subscription Shares.

As at the Latest Practicable Date, each of Mr. Ho King Man, Justin, Subscriber A, Subscriber E, Subscriber F, Subscriber G, Subscriber H and Subscriber I controlled or were entitled to exercise control over the voting right of their respective Shares of the Company, who are considered to have material interest in the transactions contemplated under the relevant Subscription Agreements, and therefore are required to abstain from voting on the relevant resolution(s) at the SGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, save as disclosed above, none of the other Shareholders has any material interest in the Subscription Agreements and the transactions contemplated thereunder or is otherwise required to abstain from voting on the relevant resolution(s) at the SGM.

A form of proxy for use at the SGM is enclosed with this circular. Such form of proxy is also published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.apollofmg.com). Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours before the commencement of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

VOTING AT THE SGM

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the SGM will therefore demand a poll for every resolution put to the vote of the SGM. An announcement will be made by the Company following the conclusion of the SGM to inform Shareholders of the results of SGM.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

In order to determine the Shareholders' entitlements to attend and vote at the SGM, the register of members of the Company will be closed from Tuesday, 30 April 2024 to Monday, 6 May 2024 (both days inclusive) during which period no transfer of Shares will be registered. All properly completed transfer documents accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 29 April 2024.

RECOMMENDATION

The Company has established the Independent Board Committee comprising all the independent non-executive Directors to advise the Independent Shareholders as to whether the terms of the Subscription Agreement A are fair and reasonable and on normal commercial terms and whether such Subscription and the transactions contemplated thereunder (including the granting of the Specific Mandate for the issue and allotment of the relevant Subscription Shares) are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the SGM, after taking into account the recommendations of the Independent Financial Adviser.

Your attention is drawn to (i) the letter from the Independent Board Committee; and (ii) the letter from the Independent Financial Adviser in this circular. The Directors (including all the independent non-executive Directors after reviewing and considering the advice of the Independent Financial Adviser) recommend the Independent Shareholders to vote in favour of the relevant resolution(s) approving the entering into the Subscription Agreement A by the Company with Subscriber A and the transactions contemplated thereunder (including the granting of the Specific Mandate for the issue and allotment of the relevant Subscription Shares) at the SGM.

The Directors also recommend the Independent Shareholders to vote in favour of the relevant resolution(s) approving the Subscription Agreements and the transactions contemplated thereunder (including the granting of the Specific Mandate for the issue and allotment of the Subscription Shares) at the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the appendix to this circular.

The English text of this circular and form of proxy shall prevail over the Chinese text.

Yours faithfully
By order of the Board
Apollo Future Mobility Group Limited
Hui Chun Ying
Chairman and Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter of recommendation from the Independent Board Committee to the Independent Shareholders prepared for the purpose of inclusion in this circular.



apollo

APOLLO FUTURE MOBILITY GROUP LIMITED

APOLLO 智慧出行集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 860)

18 April 2024

To the Independent Shareholders

Dear Sir/Madam,

CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

We refer to the circular of the Company dated 18 April 2024 (the “**Circular**”) of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless otherwise defined herein or the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Subscription Agreement A are fair and reasonable and on normal commercial terms and whether such Subscription and the transactions contemplated thereunder (including the granting of the Specific Mandate for the issue and allotment of the relevant Subscription Shares) are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the SGM, after taking into account the recommendations of the Independent Financial Adviser.

Emperor Corporate Finance has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect. Details of its advice together with the principal factors and reasons it has taken into consideration on giving its advice, are contained in its letter set out on pages IFA-1 to IFA-17 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendix to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the principal factors and reasons considered by, and the advice of the Independent Financial Adviser, we are of the opinion that (i) the terms of the Subscription Agreement A and the transactions contemplated thereunder (including the granting of the Specific Mandate for the issue and allotment of the relevant Subscription Shares) are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) although the entering into of the Subscription Agreement A is not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the entering into the Subscription Agreement A by the Company with Subscriber A and the transactions contemplated thereunder (including the granting of the Specific Mandate for the issue and allotment of the relevant Subscription Shares).

Yours faithfully,

For and on behalf of the Independent Board Committee

**Mr. Teoh Chun Ming, Mr. Peter Edward Jackson, Mr. Charles Matthew Pecot III and
Ms. Hau Yan Hannah Lee**

Independent non-executive Directors



英皇企業融資有限公司
Emperor Corporate Finance Limited

18 April 2024

*To the Independent Board Committee and the Independent Shareholders of
Apollo Future Mobility Group Limited*

Dear Sirs,

**CONNECTED TRANSACTION
IN RELATION TO SUBSCRIPTION OF NEW SHARES UNDER
SPECIFIC MANDATE**

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement A, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 18 April 2024 (the “**Circular**”), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

As stated in the announcement of the Company dated 15 March 2024 in respect of the Subscriptions, on 15 March 2024 (after trading hours), the Company and Subscriber A entered into the Subscription Agreement A, pursuant to which the Company has conditionally agreed to allot and issue, and Subscriber A have agreed to subscribe for, an aggregate of 95,652,174 Subscription Shares (“**Subscription Shares A**”) at the Subscription Price of HK\$0.46 per Subscription Share (the “**Subscription A**”) which forms part of the Subscriptions.

As the ultimate beneficial owner of Subscriber A, Mr. Ho King Man, Justin, is a substantial Shareholder and hence a connected person of the Company, the Subscription Agreement A and the transactions contemplated thereunder constitute a connected transaction of the Company and shall be subject to the reporting, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising Mr. Teoh Chun Ming, Mr. Peter Edward Jackson, Mr. Charles Matthew Pecot III and Ms. Hau Yan Hannah Lee, being all the independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the terms of the Subscription Agreement A are fair and reasonable and on normal commercial terms and whether such subscription and the transactions contemplated thereunder (including the granting of the Specific Mandate for the issue and allotment of the Subscription Shares A) are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the SGM. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationships with or interests in the Group, Subscriber A, the Directors, substantial shareholders of Subscriber A or any other parties that could reasonably be regarded as relevant to our independence. In the last two years prior to the Latest Practicable Date, there was no engagement between the Company and us. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we had received or will receive any fees or benefits from the Company. Accordingly, we consider that we are eligible to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement A and the transactions contemplated thereunder (including the grant of the Specific Mandate for the issue and allotment of the Subscription Shares A).

BASIS OF OUR OPINION

We have performed relevant procedures and steps which we deemed necessary in forming our opinions to the Independent Board Committee and the Independent Shareholders. These procedures and steps include, among other things, review of relevant agreements, documents as well as information provided by the Company and verified them, to an extent, with the relevant public information, statistics and market data, industry guidelines and regulations as well as information, facts and representations provided, and the opinions expressed, by the Company and/or the Directors and/or the management of the Group (the “**Management**”). The documents reviewed include, but are not limited to, Subscription Agreement A, the announcement of the Company dated 15 March 2024 in relation to the Subscriptions, the annual report of the Company for the fifteen months ended 31 December 2022 (the “**2022 Annual Report**”), the annual results announcement of the Company for the year ended 31 December 2023 (the “**2023 Annual Results Announcement**”) and the Circular. We have assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or the Directors, which have been provided to us. We have assumed that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the Management are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular. The Shareholders will also be informed as soon as practicable when there are any material changes to the information contained or referred to herein as well as changes to our opinion, if any, after the Latest Practicable Date.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the management of the Group, nor have we conducted any form of an in-depth investigation into the business and affairs or future prospects of the Group, Subscriber A or their respective subsidiaries or associates (if applicable). In addition, we have not considered the taxation implication on the Group or the Shareholders as a result of the Subscription A.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion in respect of the Subscription A and the transactions contemplated thereunder, we have considered the following principal factors and reasons.

1. Information of the Group

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 smart EVs and provision of mobility technology solutions (the “**Mobility Services Business**”); (ii) retailing and wholesale of jewellery products, watches and other commodities; and (iii) money lending.

Set out below is a summary of the audited financial information of the Group for the year ended 30 September 2021, the fifteen months ended 31 December 2022, and the year ended 31 December 2023, as extracted from the 2022 Annual Report and 2023 Annual Results Announcement, respectively. The Independent Shareholders should note that, as the Company resolved to change the financial year end date from 30 September to 31 December as disclosed in the announcement of the Company dated 22 August 2022, the audited comparative figures may not be fully comparable. For illustrative purpose only, annualised figures were calculated by dividing the figures for the fifteen months ended 31 December 2022 by fifteen, then multiply by twelve.

	For the year ended 31 December 2023 HK\$'000 (audited)	For the fifteen months ended 31 December 2022 HK\$'000 (audited)	For the year ended 30 September 2021 HK\$'000 (audited)
Revenue			
— Mobility technology solutions	14,223	218,819	104,845
— Jewellery products, watches and other commodities	237,378	507,760	377,246
— Money lending	27,612	48,309	45,115
— Others	—	—	1,353
	279,213	774,888	528,559
Total Revenue	279,213	774,888	528,559
Gross Profit for the year/period	63,147	159,709	131,508
Profit/(loss) for the year/period	(868,976)	266,359	(359,353)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the 2022 Annual Report, the revenue of the Group for the fifteen months ended 31 December 2022 was approximately HK\$774.9 million (annualised: approximately HK\$619.9 million), representing an increase of approximately 46.6% (annualised: approximately 17.3%) as compared to approximately HK\$528.6 million for the year ended 30 September 2021. Such increase was mainly attributable to (i) the increase in revenue from mobility technology solutions, in particular the licensing income and revenue from engineering service outsourcing; and (ii) the increase in sales of jewellery products, watches and other commodities benefited from the improved sentiment in the PRC market. The gross profit of the Group for the fifteen months ended 31 December 2022 amounted to approximately HK\$159.7 million (annualised: approximately HK\$127.8 million) as compared to approximately HK\$131.5 million for the year ended 30 September 2021, representing a mild decrease in gross profit margins from approximately 24.9% to approximately 20.6% mainly due to decrease in margin from the sales of jewellery products, watches and other commodities to boost sales. The profit for the fifteen months ended 31 December 2022 of the Group was approximately HK\$266.4 million (annualised: approximately HK\$213.1 million), compared with a loss of approximately HK\$359.4 million recorded for the year ended 30 September 2021. The strong profit growth was mainly due to the Group recorded a net other gain of approximately HK\$523.8 million for the fifteen months ended 31 December 2022 (annualised: approximately HK\$419.0 million) as compared to net other loss of approximately HK\$40.2 million for the year ended 30 September 2021 primarily attributable to (i) the increase in fair value gains on (a) financial assets at fair value through profit or loss and (b) contingent consideration payables of arising from the Group's acquisitions; and (ii) partially offset by the impairment of goodwill.

Meanwhile, according to the 2023 Annual Results Announcement, the revenue of the Group decreased by approximately HK\$495.7 million (annualised: approximately HK\$340.7 million), or approximately 64.0% (annualised: approximately 55.0%), from approximately HK\$774.9 million for the fifteen months ended 31 December 2022 (annualised: approximately HK\$619.9 million) to approximately HK\$279.2 million for the year ended 31 December 2023, which was mainly attributable to (i) the decrease in the licensing income and sales and distribution of vehicles as the next generation hypercar was still under development and the strategic disposal of certain subsidiaries; and (ii) the decrease in sales of jewellery products, watches and other commodities as a result of negative sentiments in the PRC market. The gross profit of the Group decreased from approximately HK\$159.7 million for the fifteen months ended 31 December 2022 (annualised: approximately HK\$127.8 million) to approximately HK\$63.1 million for the year ended 31 December 2023, while the gross profit margins increased slightly from approximately 20.6% to approximately 22.6% mainly due to the decrease in sales of low margin trading business. The Group recorded a net loss of approximately HK\$869.0 million for the year ended 31 December 2023 as compared to a net profit of approximately HK\$266.4 million for the fifteen months ended 31 December 2022 (annualised: approximately HK\$213.1 million), which was mainly due to the Group recorded net other loss of approximately HK\$597.2 million for the year ended 31 December 2023 as compared to the net other gain of approximately HK\$523.8 million for the fifteen months ended 31 December 2022 (annualised: approximately HK\$419.0 million) primarily attributable to (i) the decrease in the fair value gains on financial assets at fair value through profit or loss. due to change in financial market conditions and (ii) increase in impairment of certain assets due to increasingly competitive business landscape and challenging external environment.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
--

Set out below is a summary of the consolidated assets and liabilities of the Group as at 31 December 2023 as extracted from the 2023 Annual Results Announcement:

	As at 31 December 2023 <i>HK\$'000</i> <i>(audited)</i>
Total assets	
— Non-current assets	3,200,329
— Current assets	719,340
 Total liabilities	
— Non-current liabilities	53,459
— Current liabilities	524,753
 Net current assets	194,587
 Net assets	3,341,457
 Equity attributable to owners of the Company	3,363,213

As at 31 December 2023, the non-current assets of the Group mainly comprised of (i) property, plant and equipment of approximately HK\$70.1 million; (ii) investment properties of approximately HK\$12.3 million; (iii) right-of-use assets of approximately HK\$51.5 million; (iv) goodwill of approximately HK\$1,253.5 million; (v) other intangible assets of approximately HK\$260.8 million; (vi) financial assets at fair value through profit or loss of approximately HK\$1,466.1 million; and (vii) loans receivable of approximately HK\$84.0 million. Meanwhile, the Group's current asset, which amounted to approximately HK\$719.3 million, mainly comprised of (i) inventories of approximately HK\$75.9 million; (ii) loans receivable of approximately HK\$125.6 million; (iii) prepayments, deposits and other receivables of approximately HK\$451.7 million; and (iv) cash and cash equivalents of approximately HK\$64.3 million.

As at 31 December 2023, the Group's non-current liabilities of approximately HK\$53.5 million mainly comprised of (i) interest-bearing bank borrowings of approximately HK\$18.2 million; and (ii) deferred tax liabilities of approximately HK\$35.2 million. Meanwhile, the current liabilities of the Group, which amounted to approximately HK\$524.8 million as at 31 December 2023, mainly comprised of (i) accounts payable of approximately HK\$101.4 million; (ii) other payables and accruals of approximately HK\$263.7 million; (iii) interest-bearing bank borrowings of approximately HK\$19.6 million; (iv) convertible bonds of approximately HK\$121.2 million; and (v) tax payable of approximately HK\$16.1 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 31 December 2023, the consolidated net current assets and net assets of the Group were approximately HK\$194.6 million and HK\$3,341.5 million respectively. The Group's current ratio, which was calculated by dividing its current assets with its current liabilities, was approximately 1.4 times as at 31 December 2023.

2. Reasons for the Subscriptions and use of proceeds

With reference to the Letter from the Board, the net proceeds from the Subscriptions are estimated to be approximately HK\$162.5 million (after taking into account of the CB Offset of approximately HK\$39.0 million and the deduction of all professional fees and related expenses of approximately HK\$3.5 million). The intended use of the net proceeds from the Subscriptions would be (i) as to approximately HK\$75.0 million or 46.2% for repayment of the indebtedness of the Group; (ii) as to approximately HK\$71.3 million or 43.8% for the research and development of hypercars and EVs; and (iii) as to approximately HK\$16.2 million or 10.0% for general working capital including salary payments, legal and professional fees and other general corporate purposes. In the event that not all of the Subscription Agreements are completed in full, the allocation of the net proceeds for the above proposed uses of proceeds will be utilised in accordance with the abovementioned order of priority.

Funding needs for business development

We understand from the Management that, there has been constant increase in global demand for EVs, with projections of 100 million EVs by 2026 and sales reaching 42 million units by 2030, particularly regions such as PRC, Germany, South Korea, France, the UK and the Nordic countries are expected to have faster EV adoption rates. Despite the promising outlook for the EV market, the Group faces the high costs of EV production and intense competition, especially during the development of its new hypercar model amidst the ongoing COVID-19 pandemic.

We also note that the production of EVs is notably capital-intensive, particularly when scaling up the production of new models, which carries both financial risk and expenses. The Group has been navigating through heightened market competition which was exacerbated by the COVID-19 pandemic, while also investing heavily in the development of its next hypercar model. In order to capture the repaid growth in the fast-growing EV market, the Group aims to introduce new models quickly, solidifying its status in the luxury mobility sector against a backdrop of fierce competition and escalating production costs.

The surge in EV manufacturing has also spurred demand for essential raw materials and components, which, coupled with the pandemic and geopolitical events like the Russia-Ukraine conflict, has severely disrupted supply chains. This has led to shortages and price surges for crucial materials and components, such as semiconductors and battery cells. The Group anticipates continued price volatility for these materials and components in the near term, and aims to use the Subscriptions to swiftly respond to market fluctuations and support its operational requirements.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As disclosed in the Letter from the Board, the Group is also transitioning to become a premier provider of mobility services, showcasing its latest concepts and technological advancements. In light of tough market conditions and to guarantee ongoing growth and expansion, the Directors believe that raising additional capital promptly is critical to stay competitive and bolster the Group's financial stability for future development.

We concur with the Group's view that raising additional capital through the Subscriptions is prudent and aligned with the long-term business strategy, given the immense growth potential yet inherent risks in the electric vehicle market. While global EV adoption is accelerating, driven by climate change concerns and supportive government policies, scaling up production of new models requires substantial investment in research, development and operations. As an innovative player in the high-performance luxury EV segment, the Group must have sufficient capital to keep pace with surging industry demand and increasing competition. At the same time, it faces volatility in costs and availability of key raw materials and components. The Subscriptions will strengthen the Group's financial position and cash buffers to navigate market volatility, while funding ongoing research and development and expansion efforts. The proceeds from the Subscriptions is critical for the Group to maintain competitiveness and ensure continuous growth as a next-generation mobility provider. We are of the view that the Subscriptions will provide the Group with crucial flexibility to capitalize on opportunities in the fast-evolving global EV landscape.

Repayment of indebtedness

We note that, as at the Latest Practicable Date, there are outstanding Convertible Bonds with an aggregate principal amount of HK\$113.1 million, which are convertible into 10,281,818 Shares at the conversion price of HK\$11.0 per Share. The CB Holder B has agreed to extend the early redemption date of Convertible Bonds B in the outstanding principal amount of HK\$35.1 million to 4 April 2024.

In respect of the Convertible Bonds A, payment of the Subscription Price of approximately HK\$39.0 million by the Subscriber C shall be made at Completion by way of set-off in full against that part of the principal amount under Convertible Bonds A owing by the Company to the Subscriber C (being HK\$78.0 million as at the Latest Practicable Date) on a dollar-to-dollar basis. The payment of the remaining balance payable under Convertible Bonds A (together with the accrued interest) will be made by the Company by utilising part of the net proceeds from the Subscriptions.

As discussed in the paragraph headed "1. Information of the Group" in this section, the Group's revenue decreased from approximately HK\$774.9 million for the fifteen months ended 31 December 2022 (annualised: approximately HK\$619.9 million) to approximately HK\$279.2 million for the year ended 31 December 2023, and recorded a net loss of approximately HK\$869.0 million. This decrease was mainly because of lower licensing income and sales and distribution of vehicles since the next generation hypercar is still in development. As at 31 December 2023, the Group's interest-bearing bank borrowings and convertible bonds totalled approximately HK\$37.8 million and HK\$121.2 million respectively, while its cash and cash equivalents were approximately HK\$64.3 million. Given the deteriorating financial position of the Group, and the repayment deadline of the Convertible Bonds as mentioned above, the Directors considered that

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

immediate financing is needed to fully settle the Convertible Bonds on the one hand and, on the other hand, adequate liquidity and cash reserves must be available for future development of the Group's core businesses. Therefore, the Directors consider it crucial to remain prudent in its treasury planning and maintain a relatively high level of cash on hand to support the working capital needs of the Group's daily operations.

We concur with the Group's view that the Subscriptions are necessary to strengthen the capital base and improve the financial position of the Company by settling part of the indebtedness which lowers the Group's gearing ratio. Upon the Completion, it is expected that the Group's gearing ratio (calculated as the aggregate of total interest-bearing bank borrowings and convertible bonds divided by the aggregate of total equity and, if applicable, the net proceeds from the Subscriptions) will decrease from approximately 4.8% as at 31 December 2023 to approximately 3.4%. The Group currently faces a deteriorating financial position with declining revenues and cash outflows in recent financial periods, partly due to the fact that the next generation hypercar was still under development. Given the Group's development of next-generation vehicles requires ongoing operating liquidity, maintaining adequate cash buffers is essential. As such, we agree that the Subscriptions will place the Group in a prudent financial position by covering upcoming convertible debt obligations and providing additional working capital. Overall, the Subscriptions align with prudent treasury planning and risk management in light of the Group's financing needs.

Having considered (i) reasons for and benefits of the Subscriptions (including the Subscription A) as mentioned above; (ii) the Subscriptions are a suitable financial option as compared to other means of financing as discussed in the paragraph headed "5. Financing alternatives" below; and (iii) that the proposed use of the proceeds from the Subscriptions will improve the Group's financial position, accommodate the payment terms of the indebtedness of the Group and fully settle the Convertible Bonds, we are of the view that Subscription A is in the interest of the Company and the Shareholders as a whole although the Subscription A is not conducted in the ordinary and usual course of business of the Group.

3. The Subscription A

Set out below are the summarised terms of the Subscription A as contemplated under the Subscription Agreement A, details of which are set out under the section headed "The Subscription Agreements" of the Letter form the Board.

The Subscription Agreement A

Date : 15 March 2024

Issuer : The Company

Subscriber : Subscriber A

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Subscription Shares A

Pursuant to the terms of the Subscription Agreement A, Subscriber A has conditionally agreed to subscribe for and the Company has conditionally agreed to issue and allot 95,652,174 Subscription Shares at the Subscription Price of HK\$0.46 per Subscription Share.

Assuming that there will be no change in the issued share capital of the Company between the Latest Practicable Date and the completion of the Subscription Agreement A, the Subscription Shares A represent:

- (i) approximately 16.58% of the existing issued share capital of the Company as at the Latest Practicable Date;
- (ii) approximately 14.22% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares A (assuming, save for the Subscription A, other Subscriptions do not proceed); and
- (iii) approximately 9.36% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

The Subscription Price

The Subscription Price for the Subscription Shares A is HK\$0.46 per Subscription Share and represents:

- (i) a discount of approximately 9.80% to the closing price of HK\$0.51 per Share as quoted on the Stock Exchange on 15 March 2024, being the date of the Subscription Agreement A;
- (ii) a discount of approximately 16.36% to the average closing price of approximately HK\$0.55 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement A; and
- (iii) a discount of 8.00% to the closing price of HK\$0.50 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The aggregate monetary amount of the Subscription A is HK\$44,000,000.04 which will be payable by the Subscriber A in cash upon completion of the Subscription Agreement A.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Conditions precedent of the Subscription A

On the basis that the Company and the Subscriber A has entered into the Subscription Agreement A as at the Latest Practicable Date, completion is conditional upon the following conditions being fulfilled as at or prior to the completion of the Subscription Agreement A:

- (i) the passing by the Shareholders at the SGM all resolutions as may be required under the Listing Rules, the Bye-laws and/or any other applicable Laws and regulations including, without limitation, resolutions approving the issue and allotment by the Company of the Subscription Shares A and the transactions thereby contemplated;
- (ii) all necessary consents and approvals required to be obtained by the Company in respect of the entering into, execution, delivery and performance of the Subscription Agreement A and the transaction thereby contemplated having been obtained;
- (iii) the Stock Exchange having granted approval for the listing of, and permission to deal in, the Subscription Shares A on the Main Board of the Stock Exchange and such approval and permission not being subsequently withdrawn or revoked by the Stock Exchange; and
- (iv) the representations, warranties and undertakings given and made by the Company to the Subscriber A pursuant to the Subscription Agreement A remaining true and accurate in all material respects.

The listing approval for the Subscription Shares A to be granted by the Stock Exchange and the approval from the Shareholders at the SGM to approve the Subscription Agreement A and the transactions contemplated thereunder are the only outstanding specific consents and approval required to be obtained on the part of the Company as referred to under condition (b) above. There is no other outstanding consent or approval required to be obtained by the parties to the Subscription Agreement A.

If any of the conditions set out above shall not have been fulfilled at or before 6:00 p.m. on the Long Stop Date, the Subscription Agreement A shall automatically lapse, and thereupon the Subscription Agreement A and everything therein contained including all rights and obligations of the parties under the Subscription Agreement A shall (except the confidentiality provisions as a surviving provision), subject to the liability of any party therein to the other in respect of any antecedent breach of the terms thereof, be null and void and of no further effect.

Specific Mandate

The Subscription Shares A will be allotted and issued pursuant to the Specific Mandate to be sought from the Independent Shareholders at the SGM.

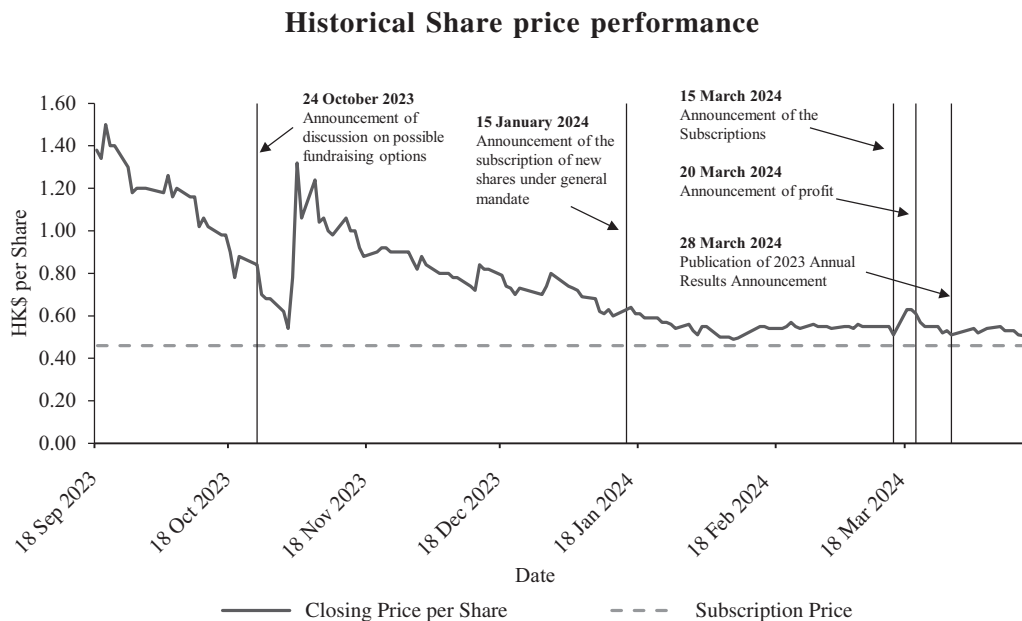
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Analyses of the Subscription A

In order to determine the fairness and reasonableness of the Subscription Price, we have conducted the following analysis:

Historical Share price performance

Set out below is a chart showing the historical daily closing prices of the Share as quoted on the Stock Exchange for the period from 18 September 2023, being the six months immediately prior to the date of the Subscription Agreement A, to 15 April 2024, the Latest Practicable Date, (the “**Review Period**”). We consider the Review Period to be reasonably adequate to provide a general overview of the recent trend of the Share price free from the influence of, if any, short term market volatility and the proposed acquisition of WM Motor Global Investment Limited which was initially announced on 11 January 2023 and terminated on 8 September 2023:



Source: The website of the Stock Exchange

During the Review Period, the highest and lowest closing prices of Shares as quoted on the Stock Exchange were HK\$1.50 per Share recorded on 20 September 2023 and HK\$0.49 per Share recorded on 8 February 2024 respectively with an average closing price per Share of approximately HK\$0.76. The Subscription Price represents slight discount of approximately 6.12% to the lowest Share prices during the Review Period, and a discount of approximately 39.47% to the average closing price of the Share during the Review Period.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Independent Shareholder should however be aware that the trend of closing price of the Share has been in a decreasing trend since the beginning of the Review Period. During the Review Period, the closing price of the Shares increased from HK\$1.38 on 18 September 2023 and shortly reaching a high of HK\$1.5 on 20 September 2023. Subsequently, the closing price of Shares has decreased significantly to HK\$0.54 on 31 October 2023. The closing price of Shares surged to HK\$1.32 on 2 November 2023. Based on the announcement of the Company dated 1 November 2023, save for the Board's continuous discussion with its professional advisers to explore and evaluate various options (including but not limited to seeking external fundraising activities) available to the Group for strengthening its financial position, the Company do not aware any reason for such surge in price. Then, the closing price resumed its downward trend and further dropping to HK\$0.49 on 8 February 2024. Thereafter, the closing price of the Shares fluctuated between HK\$0.495 and HK\$0.63 and reached HK\$0.50 on the Latest Practicable Date. As confirmed with the Company and based on our review of the Company's announcements, save for the aforementioned, we are unaware of any events or information that led to such downward trend in Share price during the Review Period.

We noted that the closing price of the Shares as at the date of the Subscription Agreement A of HK\$0.51 was only HK\$0.02, or approximately 4.1%, higher than the lowest Share price of HK\$0.49 during the Review Period. We understood that, at the time of resolving to conduct the Subscriptions, the Company would not be able to assess whether the price of the Shares would further descend, but having considered (i) the prevailing market condition and the weak market sentiment in light of the recent volatility of the capital market in Hong Kong with the Hang Seng Index dropped from 17,930.55 on 18 September 2023, being the commencement of the Review Period, to the lowest of 14,961.18 on 22 January 2024, then recovered to 16,600.46 on the Latest Practicable Date; (ii) the financial performance of the Group in particular the Group recorded a net loss of approximately HK\$869.0 million for the year ended 31 December 2023 and, as at 31 December 2023, the Group's interest-bearing borrowings and convertible bonds amounted to approximately HK\$37.8 million and HK\$121.2 million respectively, whilst its cash and cash equivalents amounted to approximately HK\$64.3 million; and (iii) the funding size, we are of the view that the discount of the Subscription Price to the closing price of the Share on the date of the Subscription Agreement A, and the lowest Share prices during the Review Period, would be fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Comparable transactions analysis

As part of our analysis, we have also carried out a comparable analysis on the issue of new shares under specific mandates by companies listed on the Main Board of the Stock Exchange (the “**Comparable Subscriptions**”), based on the criteria that (i) the subscriptions were initially announced during the six-month period prior to the date of the Subscription Agreement A (i.e. from 18 September 2023 to 15 March 2024) (the “**Comparable Review Period**”), which we believe represents a reasonable and meaningful period to reflect the recent market conditions; (ii) the shares were subscribed by connected person(s) of the respective listed issuers; and (iii) the shares were mainly issued for fund raising purpose instead of (a) a mean of consideration in relation to transactions such as acquisitions, (b) for loan capitalisation purpose, and (c) as part of debt restructuring or group restructuring.

Consideration issues are excluded from the comparable transaction analysis because the pricing and transaction nature are driven by factors including but not limited to price and terms of the acquisition and target valuation instead of genuine issuance of shares for fund raising purpose. Similarly, loan capitalisation transactions are also excluded due to the fact that its nature is to convert existing debts to shares instead of raising additional fund from investors. As for debt restructuring or group restructuring, these actions can result in substantial changes to the listed issuers’ financial position, operational scale, and control. For instance, often debt restructuring or group restructuring involve change in control the issuer and/or are bundle with other complex transactions at the same time. We are of the view that excluding those transactions would provide direct comparison between the Comparable Subscriptions and Subscription A.

We have identified a total of 11 Comparable Subscriptions, which to the best of our knowledge represent the exhaustive samples that meet the aforesaid selection criteria. Taking into account (i) the number of Comparable Subscriptions covered in the Comparable Review Period which was close to the date of the Subscription Agreement A such that the Comparable Subscriptions were conducted under similar and recent market conditions and sentiments; and (ii) the Comparable Subscriptions provide a meaningful reference on general market practice conducted under a similar market conditions, we consider the Comparable Subscriptions and the six-month period set an appropriate basis for our analysis and that the Comparable Subscriptions are considered fair, sufficient and representative to illustrate the recent trend and terms under common market practice.

Nonetheless, Shareholders or potential investors should note that the business, operations and financial performance of the listed issuers of the Comparable Subscriptions are not the same as the Company, and we have not conducted any in-depth investigation into the business and operations of respective listed issuers.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Date of initial announcement	Company Name	Stock Code	Premium/(Discount) of Subscription price over/(to) the closing price per share on the date of respective subscription agreement/last trading day <i>(Approx. %)</i>	Premium/(Discount) of Subscription price over/(to) the average closing price per share for last 5 consecutive trading days immediately prior to/including the date of respective subscription agreements <i>(Approx. %)</i>
10 Oct 23	NVC International Holdings Limited	2222	0.00%	2.20%
20 Oct 23	Virtual Mind Holding Company Limited	1520	8.70%	6.38%
6 Nov 23	Denox Environmental & Technology Holdings Limited	1452	(4.00)%	2.56%
6 Nov 23	Hopefluent Group Holdings Limited	733	73.12% <i>(Note)</i>	75.00% <i>(Note)</i>
1 Nov 23	Chuan Holdings Limited	1420	0.00%	0.54%
24 Nov 23	East Buy Holding Limited	1797	0.00%	5.87%
22 Dec 23	Air China Limited	753	8.30%	5.38%
12 Jan 24	ZO Future Group	2309	(15.00)%	(11.41)%
26 Jan 24	JL MAG RARE-EARTH CO., LTD.	6680	10.38%	6.57%
2 Feb 24	Virtual Mind Holding Company Limited	1520	(23.66)%	(24.81)%
9 Feb 24	Peking University Resources (Holdings) Company Limited	618	(9.52)%	(19.03)%
	Market range (excluding outlier) <i>(Note)</i>			
		Average	(2.48)%	(2.58)%
		Maximum	10.38%	6.98%
		Minimum	(23.66)%	(24.81)%
		Median	0.00%	2.38%
		The Company	(9.80)%	(16.36)%

Source: The website of the Stock Exchange

Note: The premium of relevant transaction was exceptionally high and considered to be an outlier.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to table above, the subscription price of the Comparable Subscriptions (excluding outlier) ranged from a discount of approximately 23.66% to a premium of approximately 10.38% of the respective closing price per share on the date of respective subscription agreements/last trading day (the “**Last Day Market Range**”). The Subscription Price represents a discount of approximately 9.80% to the closing price of the Shares as at the date of the Subscription Agreement A falls within the Last Day Market Range.

According to the table above, the subscription price of the Comparable Subscriptions (excluding outlier) ranged from a discount of approximately 24.81% to a premium of approximately 6.98% of the respective average closing price per share for last five consecutive trading days immediately prior to/including the date of respective subscriptions (the “**5-Day Market Range**”). The Subscription Price represents a discount of approximately 16.36% to the average closing price of the Share as quoted on the Stock Exchange for last five consecutive trading days immediately prior to the date of the Subscription Agreement A falls within the 5-Day Market Range.

Although the discounts of the Subscription Price under Subscription Agreement A to the closing price per share on the Last Trading Day and the five consecutive trading days immediately prior to the Last Trading Day are greater than the mean and median discounts of the Comparable Subscriptions, we consider that the discounts of the Subscription Price are justifiable given that (i) the Group’s deteriorating financial result for the year ended 31 December 2023 as its revenue decreased by approximately 64.0% and the Group recorded a change from a profit of approximately HK\$266.4 million to a loss of approximately HK\$869.0 million as compared to fifteen months ended 31 December 2022; and (ii) the Subscription Price was determined at a relatively higher discount to prevailing market price in order to attract the Subscribers (including Subscriber A) in light of the substantial amount of fund raised (i.e. approximately HK\$205.0 million) from the Subscriptions.

Nonetheless, despite the Shares were trading at above the Subscription Price A during the Review Period, taking into account (i) the recent trading performance of the Shares; (ii) the financial performance of the Group and the funding needs as previously discussed; and (iii) the discounts of the Subscription Price are justifiable as compared to respective market range of the Comparable Subscriptions, we are of the view that the determination of the Subscription Price of HK\$0.46 per Subscription Share A is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. Financing alternatives

Based on our understanding from the Management, the Company had considered various fund raising alternatives available to the Group, including debt financing and bank borrowings, and various means of equity financing such as rights issue, open offer and placement of Shares.

As disclosed in the Letter from the Board, the Directors are of the view that debt financing and bank borrowings are not viable alternatives for the Group at this time, given that the Subscriptions are to improve the Group's gearing ratio, which cannot be achieved by debt financing. Debt financing also incurs interest expenses in which bank financing generally involves pledge of assets and/or securities that may reduce the Group's flexibility. For the aforesaid reasons, the Directors consider that debt financing and bank borrowings are not viable financing alternatives for the Group.

With respect to the equity financing alternatives, the Directors are of the view that pre-emptive fundraising methods such as rights issue and open offer would incur more time and costs due to (i) potential lengthy discussion with commercial underwriters; (ii) underwriting commission and higher amount of other professional fees; (iii) the risk and uncertainty from economic environment and financial market. The Company had also stated there was unsuccessful engagement with placing agent for share placement or underwriter for rights issue or open offer under the current market conditions. Therefore, the Directors considered equity financing is not a viable financing alternative for the Group.

In light of the reasons above, given the lengthy timelines, uncertainty, and costs of the debt and equity financing alternatives explored, along with the benefits of the Subscriptions in demonstrating shareholder confidence and improving the Company's capital position, we concur with the Directors that the Subscriptions represent the most appropriate fundraising approach for the Company. In addition, we are of the view that the Subscriptions are subject to the approval of the Independent Shareholders, would provide a fair chance for the Independent Shareholders to consider the proposed Subscriptions.

6. Possible dilution effect on the shareholding interests of the public Shareholders

With reference to the shareholding table in the section headed "EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY" of the Letter from the Board, the shareholding interests of the other public Shareholders would be diluted by approximately 21.28 percentage points from approximately 48.80% as at the Latest Practicable Date to approximately 27.52% immediately after completion of the Subscriptions (assuming no other change in the issued share capital of the Company from the Latest Practicable Date to the Completion Date). We are of the view that the aforesaid dilution effect on the shareholding interest of the public Shareholders acceptable, taking into account (i) the aforementioned reasons for and benefits of the Subscriptions; and (ii) the terms of the Subscription Agreement A being fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Subscription A are on normal commercial terms and are fair and reasonable; and (ii) although the Subscription A is not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Group and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Subscription A and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Emperor Corporate Finance Limited
Mark Chan
Managing Director

Mr. Mark Chan is a licensed person and has been a responsible officer of Emperor Corporate Finance Limited registered with the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO since 2018 and 2016 respectively and has over 10 years of experience in corporate finance.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, after having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules were as follows:

Name of Directors	Capacity and nature of interest	Number of ordinary Shares held	Number of Share Options held	Total interests	Percentage of interest (Approx.) (Note 1)
Mr. Teoh Chun Ming	Personal	—	250,000	250,000	0.04%
Mr. Peter Edward Jackson	Personal	—	250,000	250,000	0.04%
Mr. Charles Matthew Pecot III	Personal	—	200,000	200,000	0.03%

Notes:

- Based on 576,785,913 Shares in issue as at the Latest Practicable Date.
- All the interests disclosed above represent long positions in the Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company have or are deemed to have interests or short positions in the Shares, underlying Shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were notifiable to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have taken under such provisions of the SFO), or recorded in the register required to be maintained by the Company under Section 352 of the SFO, or as otherwise notifiable to the Company and the Stock Exchange pursuant to the Model Code.

(b) Interests of substantial Shareholders

As at the Latest Practicable Date, save for the interests arising from the Subscriptions and the transactions contemplated under the Subscription Agreements, the following persons (other than the Directors or the chief executive of the Company) had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholders	Capacity and nature of interest	Number of Shares held	Percentage of Shares in issue (Approx.) (Note 1)
WM Motor Holdings Limited	Beneficial owner	113,777,267 (Note 2)	19.73%
Timeless Hero Limited	Interest in a controlled corporation	113,777,267 (Note 2)	19.73%
Freeman Schenk Limited	Interest in a controlled corporation	113,777,267 (Note 2)	19.73%
Cantrust (Far East) Limited	Interest in a controlled corporation	113,777,267 (Note 2)	19.73%
Mr. Ho King Man, Justin	Beneficial owner and interest in a controlled corporation	126,985,808 (Note 3)	22.02%
Ruby Charm Investment Limited	Beneficial owner	123,641,208 (Note 3)	21.44%

Notes:

- Based on 576,785,913 Shares in issue as at the Latest Practicable Date.
- These Shares were held by WM Motor Holdings Limited, of which approximately 65.41% of the voting right is held by Timeless Hero Limited. Timeless Hero Limited is wholly-owned by Freeman Schenk Limited, which is in turn wholly-owned by Cantrust (Far East) Limited. Cantrust (Far East) Limited is the trustee of New Freeman Schenk Trust, a discretionary trust established by Mr. Freeman Hui Shen as the settlor. Accordingly, Mr. Freeman Hui Shen should be deemed to be interested in these Shares.
- Among 126,985,808 Shares, (i) 123,641,208 Shares are owned by Ruby Charm Investment Limited, a private company directly wholly-owned by Mr. Ho King Man, Justin; (ii) 844,600 Shares are owned by Jumbo Eagle Investments Limited, a private company directly wholly-owned by Mr. Ho King Man, Justin; and (iii) Mr. Ho King Man, Justin is the beneficial owner of 2,500,000 Share Options under the 2013 Share Option Scheme (with an exercise price of HK\$35.64).
- All the interests stated above represent long positions in the Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above and the interests arising from the Subscriptions and the transactions contemplated thereunder the Subscription Agreements, the Company had not been notified of any other relevant interests or short positions in the Shares and underlying Shares as at the Latest Practicable Date as required pursuant to section 336 of the SFO.

3. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2023, the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group.

There was no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director is materially interested and which is significant to the business of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, there was no existing or proposed service agreement between any Director and any member of the Group (excluding agreements expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or any of their respective close associates had engaged in any business that competes or may compete with the business of the Group or had any other conflict of interests with the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has given its opinion which is contained in this circular:

Name	Qualification
Emperor Corporate Finance Limited	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Emperor Corporate Finance has given and confirmed that it has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, report, advice, opinion and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any interest, either directly or indirectly, in any assets which have been since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

8. DOCUMENTS ON DISPLAY

Copies of the following documents are published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.apollofmg.com) for a period of 14 days from the date of this circular:

- (a) the letter from the Board, the text of which is set out in this circular;
- (b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out in this circular;
- (c) the letter from the Independent Financial Adviser, the text of which is set out in this circular;
- (d) the consent letter as referred to in the section headed “7. EXPERT AND CONSENT” above; and
- (e) the Subscription Agreements.

9. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Moy Yee Wo, Matthew. Mr. Moy graduated with a bachelor's degree in business administration in accounting and obtained a master's degree in business administration at the Hong Kong University of Science and Technology. Mr. Moy has over 15 years of experience in the financial industry and is a member of the Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (c) The head office and principal place of business of the Company in Hong Kong is at Units 2001–2002, 20/F, Li Po Chun Chambers 189 Des Voeux Road Central, Sheung Wan, Hong Kong.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (e) The Directors confirm that to the best of their knowledge, information and belief after having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he/she/it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his/her/its Shares to a third party, either generally or on a case-by-case basis.

NOTICE OF SGM



apollo

APOLLO FUTURE MOBILITY GROUP LIMITED

APOLLO 智慧出行集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 860)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of Apollo Future Mobility Group Limited (the “**Company**”) will be held at 15th Floor, Tower One, Lippo Centre, 89 Queensway, Admiralty, Hong Kong on Monday, 6 May 2024 at 11:00 a.m. for the purpose of considering and, if though fit, passing the following resolutions as ordinary resolutions of the Company. Unless otherwise defined herein or the context otherwise requires, capitalised terms used herein shall have the same meaning as those defined in the circular of the Company dated 18 April 2024 (the “**Circular**”):

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the subscription agreement dated 15 March 2024 (the “**Subscription Agreement A**”) (a copy of which is tabled at the SGM and marked “A” and signed by the chairman of the SGM for identification purpose) entered into between the Company (as the issuer) and Ruby Charm Investment Limited (“**Subscriber A**”) (as the subscriber), pursuant to which the Company has conditionally agreed to issue and allot to Subscriber A, and Subscriber A has conditionally agreed to subscribe for 95,652,174 shares of the Company (each, a “**Share**”) at HK\$0.46 per Share, and all the transactions contemplated thereunder, including the approval for the connected transaction pursuant to the Subscription Agreement A, be and are hereby approved, confirmed and ratified;
- (b) any one director of the Company (the “**Director(s)**”) be and is hereby authorised to do all such acts and things, sign and execute all such documents or agreements or deeds and take all such actions on behalf of the Company as he/she may in his/her absolute discretion consider necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Subscription Agreement A or any transactions contemplated thereunder and all other matters incidental thereto or in connection therewith, and agree to and

NOTICE OF SGM

make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith as are, in the opinion of such Director, in the best interest of the Company and the Shareholders as a whole; and

- (c) the Directors be and are hereby granted with a specific mandate which shall entitle the Directors to exercise all the powers of the Company to issue and allot up to 95,652,174 Shares to Subscriber A, on and subject to the respective terms and conditions of Subscription Agreement A, provided that the Specific Mandate shall be in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may be granted from time to time to the Directors prior to the passing of this resolution.”

2. “**THAT:**

- (a) the subscription agreement dated 15 March 2024 (the “**Subscription Agreement B**”) (a copy of which is tabled at the SGM and marked “B” and signed by the chairman of the SGM for identification purpose) entered into between the Company (as the issuer) and Atlantis Multi-Strategy Capital VCC (on behalf of MPW Index Supreme Investment Fund) (“**Subscriber B**”) (as the subscriber), pursuant to which the Company has conditionally agreed to issue and allot to Subscriber B, and Subscriber B has conditionally agreed to subscribe for 153,260,870 Shares at HK\$0.46 per Share, and all the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (b) any one Director be and is hereby authorised to do all such acts and things, sign and execute all such documents or agreements or deeds and take all such actions on behalf of the Company as he/she may in his/her absolute discretion consider necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Subscription Agreement B or any transactions contemplated thereunder and all other matters incidental thereto or in connection therewith, and agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith as are, in the opinion of such Director, in the interests of the Company and the shareholders of the Company as a whole; and
- (c) the Directors be and are hereby granted with a specific mandate which shall entitle the Directors to exercise all the powers of the Company to issue and allot up to 153,260,870 Shares to Subscriber B, on and subject to the respective terms and conditions of Subscription Agreement B, provided that the Specific Mandate shall be in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may be granted from time to time to the Directors prior to the passing of this resolution.”

NOTICE OF SGM

3. “THAT:

- (a) the subscription agreement dated 15 March 2024 (the “**Subscription Agreement C**”) (a copy of which is tabled at the SGM and marked “C” and signed by the chairman of the SGM for identification purpose) entered into between the Company (as the issuer) and Walong Holdings Limited (“**Subscriber C**”) (as the subscriber), pursuant to which the Company has conditionally agreed to issue and allot to Subscriber C, and Subscriber C has conditionally agreed to subscribe for 84,782,609 Shares at HK\$0.46 per Share, and all the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (b) any one Director be and is hereby authorised to do all such acts and things, sign and execute all such documents or agreements or deeds and take all such actions on behalf of the Company as he/she may in his/her absolute discretion consider necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Subscription Agreement C or any transactions contemplated thereunder and all other matters incidental thereto or in connection therewith, and agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith as are, in the opinion of such Director, in the interests of the Company and the Shareholders of the Company as a whole; and
- (c) the Directors be and are hereby granted with a specific mandate which shall entitle the Directors to exercise all the powers of the Company to issue and allot up to 84,782,609 Shares to Subscriber C, on and subject to the respective terms and conditions of Subscription Agreement C, provided that the Specific Mandate shall be in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may be granted from time to time to the Directors prior to the passing of this resolution.”

4. “THAT:

- (a) the subscription agreement dated 15 March 2024 (the “**Subscription Agreement D**”) (a copy of which is tabled at the SGM and marked “D” and signed by the chairman of the SGM for identification purpose) entered into between the Company (as the issuer) and Talent Frontier Limited (“**Subscriber D**”) (as the subscriber), pursuant to which the Company has conditionally agreed to issue and allot to Subscriber D, and Subscriber D has conditionally agreed to subscribe for 50,869,566 Shares at HK\$0.46 per Share, and all the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;

NOTICE OF SGM

- (b) any one Director be and is hereby authorised to do all such acts and things, sign and execute all such documents or agreements or deeds and take all such actions on behalf of the Company as he/she may in his/her absolute discretion consider necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Subscription Agreement D or any transactions contemplated thereunder and all other matters incidental thereto or in connection therewith, and agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith as are, in the opinion of such Director, in the interests of the Company and the Shareholders as a whole; and
- (c) the Directors be and are hereby granted with a specific mandate which shall entitle the Directors to exercise all the powers of the Company to issue and allot up to 50,869,566 Shares to Subscriber D, on and subject to the respective terms and conditions of Subscription Agreement D, provided that the Specific Mandate shall be in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may be granted from time to time to the Directors prior to the passing of this resolution.”

5. **“THAT:**

- (a) the subscription agreement dated 15 March 2024 (the “**Subscription Agreement E**”) (a copy of which is tabled at the SGM and marked “E” and signed by the chairman of the SGM for identification purpose) entered into between the Company (as the issuer) and Vivaldi International Limited (“**Subscriber E**”) (as the subscriber), pursuant to which the Company has conditionally agreed to issue and allot to Subscriber E, and Subscriber E has conditionally agreed to subscribe for 12,717,392 Shares at HK\$0.46 per Share, and all the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (b) any one Director be and is hereby authorised to do all such acts and things, sign and execute all such documents or agreements or deeds and take all such actions on behalf of the Company as he/she may in his/her absolute discretion consider necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Subscription Agreement E or any transactions contemplated thereunder and all other matters incidental thereto or in connection therewith, and agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith as are, in the opinion of such Director, in the interests of the Company and the Shareholders as a whole; and

NOTICE OF SGM

- (c) the Directors be and are hereby granted with a specific mandate which shall entitle the Directors to exercise all the powers of the Company to issue and allot up to 12,717,392 Shares to Subscriber E, on and subject to the respective terms and conditions of Subscription Agreement E, provided that the Specific Mandate shall be in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may be granted from time to time to the Directors prior to the passing of this resolution.”

6. **“THAT:**

- (a) the subscription agreement dated 15 March 2024 (the **“Subscription Agreement F”**) (a copy of which is tabled at the SGM and marked “F” and signed by the chairman of the SGM for identification purpose) entered into between the Company (as the issuer) and Ocean Dynasty Investments Limited (**“Subscriber F”**) (as the subscriber), pursuant to which the Company has conditionally agreed to issue and allot to Subscriber F, and Subscriber F has conditionally agreed to subscribe for 11,992,501 Shares at HK\$0.46 per Share, and all the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (b) any one Director be and is hereby authorised to do all such acts and things, sign and execute all such documents or agreements or deeds and take all such actions on behalf of the Company as he/she may in his/her absolute discretion consider necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Subscription Agreement F or any transactions contemplated thereunder and all other matters incidental thereto or in connection therewith, and agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith as are, in the opinion of such Director, in the interests of the Company and the Shareholders of the Company as a whole; and
- (c) the Directors be and are hereby granted with a specific mandate which shall entitle the Directors to exercise all the powers of the Company to issue and allot up to 11,992,501 Shares to Subscriber F, on and subject to the respective terms and conditions of Subscription Agreement F, provided that the Specific Mandate shall be in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may be granted from time to time to the Directors prior to the passing of this resolution.”

NOTICE OF SGM

7. **“THAT:**

- (a) the subscription agreement dated 15 March 2024 (the **“Subscription Agreement G”**) (a copy of which is tabled at the SGM and marked “G” and signed by the chairman of the SGM for identification purpose) entered into between the Company (as the issuer) and Goldrank Limited (**“Subscriber G”**) (as the subscriber), pursuant to which the Company has conditionally agreed to issue and allot to Subscriber G, and Subscriber G has conditionally agreed to subscribe for 724,891 Shares at HK\$0.46 per Share, and all the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (b) any one Director be and is hereby authorised to do all such acts and things, sign and execute all such documents or agreements or deeds and take all such actions on behalf of the Company as he/she may in his/her absolute discretion consider necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Subscription Agreement G or any transactions contemplated thereunder and all other matters incidental thereto or in connection therewith, and agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith as are, in the opinion of such Director, in the interests of the Company and the Shareholders as a whole; and
- (c) the Directors be and are hereby granted with a specific mandate which shall entitle the Directors to exercise all the powers of the Company to issue and allot up to 724,891 Shares to Subscriber G, on and subject to the respective terms and conditions of Subscription Agreement G, provided that the Specific Mandate shall be in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may be granted from time to time to the Directors prior to the passing of this resolution.”

8. **“THAT:**

- (a) the subscription agreement dated 15 March 2024 (the **“Subscription Agreement H”**) (a copy of which is tabled at the SGM and marked “H” and signed by the chairman of the SGM for identification purpose) entered into between the Company (as the issuer) and Sino-Alliance International, Ltd. (**“Subscriber H”**) (as the subscriber), pursuant to which the Company has conditionally agreed to issue and allot to Subscriber H, and Subscriber H has conditionally agreed to subscribe for 29,347,826 Shares at HK\$0.46 per Share, and all the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;

NOTICE OF SGM

- (b) any one Director be and is hereby authorised to do all such acts and things, sign and execute all such documents or agreements or deeds and take all such actions on behalf of the Company as he/she may in his/her absolute discretion consider necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Subscription Agreement H or any transactions contemplated thereunder and all other matters incidental thereto or in connection therewith, and agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith as are, in the opinion of such Director, in the interests of the Company and the Shareholders as a whole; and
 - (c) the Directors be and are hereby granted with a specific mandate which shall entitle the Directors to exercise all the powers of the Company to issue and allot up to 29,347,826 Shares to Subscriber H, on and subject to the respective terms and conditions of Subscription Agreement H, provided that the Specific Mandate shall be in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may be granted from time to time to the Directors prior to the passing of this resolution.”
9. **“THAT:**
- (a) the subscription agreement dated 15 March 2024 (the “**Subscription Agreement I**”) (a copy of which is tabled at the SGM and marked “I” and signed by the chairman of the SGM for identification purpose) entered into between the Company (as the issuer) and Top Laurels Limited (“**Subscriber I**”) (as the subscriber), pursuant to which the Company has conditionally agreed to issue and allot to Subscriber I, and Subscriber I has conditionally agreed to subscribe for 6,304,348 Shares at HK\$0.46 per Share, and all the transactions contemplated thereunder, be and is hereby approved, confirmed and ratified;
 - (b) any one Director be and is hereby authorised to do all such acts and things, sign and execute all such documents or agreements or deeds and take all such actions on behalf of the Company as he/she may in his/her absolute discretion consider necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Subscription Agreement I or any transactions contemplated thereunder and all other matters incidental thereto or in connection therewith, and agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith as are, in the opinion of such Director, in the interests of the Company and the Shareholders as a whole; and

NOTICE OF SGM

- (c) the Directors be and are hereby granted with a specific mandate which shall entitle the Directors to exercise all the powers of the Company to issue and allot up to 6,304,348 Shares to Subscriber I, on and subject to the respective terms and conditions of Subscription Agreement I, provided that the Specific Mandate shall be in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may be granted from time to time to the Directors prior to the passing of this resolution.”

By order of the Board
Apollo Future Mobility Group Limited
Hui Chun Ying
Chairman and Executive Director

Hong Kong, 18 April 2024

* *For identification purpose only*

Registered office:
Clarendon House, 2 Church Street,
Hamilton HM 11, Bermuda

Principal place of business in Hong Kong:
Units 2001–2002, 20/F
Li Po Chun Chambers
189 Des Voeux Road Central
Sheung Wan, Hong Kong

Notes:

1. A form of proxy to be used for the meeting is enclosed with the circular of the Company despatched to the Shareholder on 18 April 2024.
2. Any member entitled to attend and vote at the SGM (and any adjournment of such meeting) shall be entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it. A member who is the holder of two or more Shares may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf at the SGM (and any adjournment of such meeting). A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he/her/it/they represent as such member could exercise.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her/its attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
4. In order to be valid, the proxy form and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power of attorney or authority, must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM (or any adjournment of such meeting) (as the case may be) at which the person named in the instrument proposes to vote.
5. Completion and return of the proxy form does not preclude a member from attending and voting in person at the SGM (or any adjournment of such meeting) and, in such event, the proxy form shall be deemed to be revoked.

NOTICE OF SGM

6. Where there are joint holders of any Shares, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders are present at the SGM (and any adjournment of such meeting), the most senior will alone be entitled to vote, whether in person or by proxy. For this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
7. The register of members of the Company will be closed from Tuesday, 30 April 2024 to Monday, 6 May 2024 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for attending the SGM, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, 29 April 2024.

As at the date of this notice, the Board comprises two executive Directors, namely Mr. Hui Chun Ying (Chairman) and Ms. Chen Yizi; 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.