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apollo

APOLLO FUTURE MOBILITY GROUP LIMITED

APOLLO 智慧出行集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 860)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE TWELVE MONTHS ENDED 30 SEPTEMBER 2022**

Due to the change of financial year end date from 30 September to 31 December with effect from 22 August 2022, the board (the “Board”) of directors (the “Directors”) of Apollo Future Mobility Group Limited (“AFMG” or the “Company”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the twelve months ended 30 September 2022 (the “Period”) together with the comparative figures for the corresponding period in 2021. The unaudited interim condensed consolidated financial information for the Period has been reviewed by the audit committee (the “Audit Committee”) of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the twelve months ended 30 September 2022

		Twelve months ended 30 September 2022 <i>HK\$'000</i> (Unaudited)	Year ended 30 September 2021 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
REVENUE	3	689,926	528,559
Cost of sales		(526,493)	(397,051)
Gross profit		163,433	131,508
Other income		22,792	18,878
Other gains/(losses), net		245,710	(40,230)
Selling and distribution expenses		(21,895)	(42,937)
General and administrative expenses		(231,974)	(294,763)
Research and development costs		(56,262)	(77,811)
Other expenses		–	(1,124)
Finance costs		(16,382)	(6,823)
Share of profits and losses of:			
Joint venture		(15,015)	(2)
Associates		(51,234)	(42,905)
PROFIT/(LOSS) BEFORE TAX	4	39,173	(356,209)
Income tax credit/(expense)	5	2,726	(3,144)
PROFIT/(LOSS) FOR THE PERIOD/ YEAR		41,899	(359,353)
Attributable to:			
Owners of the Company		37,821	(349,589)
Non-controlling interests		4,078	(9,764)
		41,899	(359,353)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic		HK0.46 cent	HK(4.51) cents
Diluted		HK(0.73) cents	HK(5.05) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the twelve months ended 30 September 2022

	Twelve months ended 30 September 2022 <i>HK\$'000</i> (Unaudited)	Year ended 30 September 2021 <i>HK\$'000</i> (Audited)
PROFIT/(LOSS) FOR THE PERIOD/YEAR	41,899	(359,353)
OTHER COMPREHENSIVE INCOME/ (LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(334,232)	(61,697)
Reclassification adjustments for foreign operations disposed of during the period/year	457	3,676
	(333,775)	(58,021)
Share of other comprehensive income of a joint venture and an associate	2,199	2,070
OTHER COMPREHENSIVE LOSS FOR THE PERIOD/YEAR	(331,576)	(55,951)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD/YEAR	(289,677)	(415,304)
Attributable to:		
Owners of the Company	(293,202)	(413,136)
Non-controlling interests	3,525	(2,168)
	(289,677)	(415,304)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	30 September 2022	30 September 2021
<i>Notes</i>	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	84,970	103,323
Investment properties	12,605	12,825
Right-of-use assets	95,124	100,696
Goodwill	1,730,867	2,146,526
Other intangible assets	236,962	296,559
Interest in a joint venture	16,816	379
Interest in an associate	–	–
Financial assets at fair value through profit or loss	1,092,823	1,010,742
Loans receivable	93,176	52,442
Deferred tax assets	19,077	18,619
Deposits	6,521	7,675
	<hr/>	<hr/>
Total non-current assets	3,388,941	3,749,786
CURRENT ASSETS		
Inventories	120,141	173,352
Accounts receivable	23,582	54,183
Contract assets	4,715	2,684
Loans receivable	580,261	652,062
Prepayments, deposits and other receivables	312,123	294,392
Financial assets at fair value through profit or loss	–	1,011
Tax recoverable	2,132	4,140
Cash and cash equivalents	135,443	150,053
	<hr/>	<hr/>
Total current assets	1,178,397	1,331,877

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 September 2022

	<i>Notes</i>	30 September 2022 HK\$'000 (Unaudited)	30 September 2021 HK\$'000 (Audited)
CURRENT LIABILITIES			
Accounts payable	9	116,564	82,735
Other payables and accruals		185,709	312,651
Interest-bearing bank borrowings		83,085	105,371
Lease liabilities		13,230	11,312
Contingent consideration payable	10	–	742,882
Convertible bonds	11	152,737	–
Tax payable		26,606	22,644
Total current liabilities		<u>577,931</u>	<u>1,277,595</u>
NET CURRENT ASSETS		<u>600,466</u>	<u>54,282</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,989,407</u>	<u>3,804,068</u>
NON-CURRENT LIABILITIES			
Other payables		–	10,808
Interest-bearing bank borrowings		13,108	17,343
Lease liabilities		34,732	36,458
Contingent consideration payable	10	–	53,460
Deferred tax liabilities		36,588	46,417
Total non-current liabilities		<u>84,428</u>	<u>164,486</u>
Net assets		<u><u>3,904,979</u></u>	<u><u>3,639,582</u></u>
EQUITY			
Equity attributable to owners of the Company			
Issued capital	12	961,633	798,279
Reserves		2,957,430	2,860,418
		<u>3,919,063</u>	<u>3,658,697</u>
Non-controlling interests		<u>(14,084)</u>	<u>(19,115)</u>
Total equity		<u><u>3,904,979</u></u>	<u><u>3,639,582</u></u>

NOTES

For the twelve months ended 30 September 2022

1. CORPORATE INFORMATION

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

2.1 BASIS OF PREPARATION

Pursuant to a resolution of the Board passed on 22 August 2022, the Company's financial year end date was changed from 30 September to 31 December with effect from 22 August 2022. Accordingly, the next audited financial statements of the Group to be published will cover a period of fifteen months from 1 October 2021 to 31 December 2022. The unaudited interim condensed consolidated financial information for the current period cover a period of twelve months from 1 October 2021 to 30 September 2022, and the comparative amounts presented covered a period of twelve months from 1 October 2020 to 30 September 2021.

The unaudited interim condensed consolidated financial information of the Group for the twelve months ended 30 September 2022 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 30 September 2021. The unaudited interim condensed consolidated financial information is presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 30 September 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's unaudited interim condensed consolidated financial information.

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

The nature and the impact of the revised HKFRSs are described below:

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

3. REVENUE

An analysis of revenue is as follows:

	Twelve months period ended 30 September 2022 HK\$'000 (Unaudited)	Year ended 30 September 2021 HK\$'000 (Audited)
Revenue from contracts with customers		
Sales and distribution of vehicles and related components, provision of engineering services, provision of design, development and prototyping of vehicle components and licencing income	185,579	104,845
Sales of jewellery products, watches and other commodities	465,899	377,246
	651,478	482,091
Revenue from other sources		
Interest income from loan financing	38,448	45,115
Rental income from investment properties	–	1,353
	38,448	46,468
	689,926	528,559

4. PROFIT/(LOSS) BEFORE TAX

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

	Twelve months period ended 30 September 2022 HK\$'000 (Unaudited)	Year ended 30 September 2021 HK\$'000 (Audited)
Cost of inventories sold	471,526	377,177
Fair value losses/(gains) on investment properties*	(879)	121
Fair value gains on financial assets at fair value through profit or loss, net*	(128,949)	(21,885)
Fair value losses/(gains) on contingent consideration payables, net*	(274,943)	56,008
Fair value gains on convertible bonds*	(11,063)	–
Impairment of goodwill*	105,398	–
Impairment/(reversal of impairment) of accounts receivable, net*	(928)	1,302
Impairment of loans receivable, net*	31,921	12,547
Loss/(gain) on disposal of subsidiaries*	4,249	(35,840)
Write-down/(reversal of write-down) of inventories to net realisable value	777	(1,121)
	<u>777</u>	<u>(1,121)</u>

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

5. INCOME TAX

The Group calculates the income tax expense for each interim period based on the best estimate of the applicable weighted average annual income rate expected for the full financial year. The major components of income tax charge/(credit) in the condensed consolidated statement of profit or loss are:

	Twelve months ended 30 September 2022 HK\$'000 (Unaudited)	Year ended 30 September 2021 HK\$'000 (Audited)
Current:		
Hong Kong		
Charge for the period/year	12,373	3,594
Overprovision in prior periods/years	–	(631)
Elsewhere		
Charge for the period/year	160	10,782
Overprovision in prior periods/years	(7,624)	–
Deferred	(7,635)	(10,601)
	<u>(7,635)</u>	<u>(10,601)</u>
Total tax charge/(credit) for the period/year	<u>(2,726)</u>	<u>3,144</u>

6. DIVIDEND

The board of directors of the Company does not recommend the payment of an interim dividend in respect of the twelve months ended 30 September 2022 (2021: Nil).

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

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the period/year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 8,239,277,466 (2021: 7,747,285,685) in issue during the period/year, as adjusted to exclude the shares repurchased during the period.

The calculation of the diluted loss per share amount for the twelve months ended 30 September 2022 is based on the profit for the period attributable to ordinary equity holders of the Company, adjusted for the effect of dilutive potential ordinary shares arising from adjustment to the share of loss of an associate. The weighted average number of ordinary shares used in the calculation of the diluted loss per share amount for the twelve months ended 30 September 2022 is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, as the impact of the convertible bonds and share options outstanding had an anti-dilutive effect on the diluted loss per share amount presented.

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

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

Earnings/(loss)

	Twelve months ended 30 September 2022 HK\$'000 (Unaudited)	Year ended 30 September 2021 HK\$'000 (Audited)
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic earnings/(loss) per share calculation	37,821	(349,589)
Effect of dilutive potential ordinary shares arising from adjustment to the share of loss of an associate	(97,896)	(41,397)
Loss attributable to ordinary equity holders of the Company, used in the diluted loss per share calculation	(60,075)	(390,986)

Shares

	Number of shares	
	Twelve months ended 30 September 2022 (Unaudited)	Year ended 30 September 2021 (Audited)
Weighted average number of ordinary shares in issue during the period/year used in the basic and diluted earnings/(loss) per share calculations	8,239,277,466	7,747,285,685

8. ACCOUNTS RECEIVABLE

	30 September 2022 HK\$'000 (Unaudited)	30 September 2021 HK\$'000 (Audited)
Accounts receivable	24,612	56,257
Impairment	(1,030)	(2,074)
	23,582	54,183

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

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

	30 September 2022 HK\$'000 (Unaudited)	30 September 2021 HK\$'000 (Audited)
Within 30 days	17,325	42,209
31 to 60 days	243	1,324
61 to 90 days	3,755	6,876
Over 90 days	2,259	3,774
	<u>23,582</u>	<u>54,183</u>

9. ACCOUNTS PAYABLE

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

	30 September 2022 HK\$'000 (Unaudited)	30 September 2021 HK\$'000 (Audited)
Within 30 days	28,929	12,439
31 to 60 days	92	1,071
61 to 90 days	47	22
Over 90 days	87,496	69,203
	<u>116,564</u>	<u>82,735</u>

10. CONTINGENT CONSIDERATION PAYABLES

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

During the Period, consideration shares of 1,655,232,000 ordinary shares of the Company of HK\$0.1 each were allotted and issued to Ideal Team Ventures Limited in respect of the acquisition of Sino Partner Global Limited in March 2020.

11. CONVERTIBLE BONDS

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

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

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

12. ISSUED CAPITAL

	30 September 2022 HK\$'000 (Unaudited)	30 September 2021 HK\$'000 (Audited)
Authorised:		
20,000,000,000 (2021: 10,000,000,000) ordinary shares of HK\$0.1 each	<u>2,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
9,616,326,562 (2021: 7,982,794,562) ordinary shares of HK\$0.1 each	<u>961,633</u>	<u>798,279</u>

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

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

	<i>Notes</i>	Number of ordinary shares in issue '000	Issued capital HK\$'000
At 1 October 2021		7,982,795	798,279
Issue of new shares	<i>10</i>	1,655,232	165,524
Share repurchased and cancelled	<i>(i)</i>	<u>(21,700)</u>	<u>(2,170)</u>
At 30 September 2022		<u>9,616,327</u>	<u>961,633</u>

Note:

- (i) During the Period, the Company purchased a total of 24,928,000 shares on The Stock Exchange of Hong Kong Limited at a total consideration, before expenses, of approximately HK\$7,908,000. 21,700,000 shares out of the 24,928,000 purchased shares have been cancelled during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Automobile Market

New Energy Vehicles

Global sales of new energy vehicles (“NEV(s)”) which were robust throughout 2021, remained strong in 2022. They continue to be bolstered by high demand for electric vehicles (“EVs”) given a backdrop of soaring gas prices and growing momentum in various countries to replace conventional gasoline vehicles with EVs to reduce greenhouse gas emissions. Deadlines being set around the globe such as the European Union’s resolution to ban the sales of gasoline-powered cars from 2035 further boost the popularity of NEVs. According to an industry report published by PwC, sales of battery EV (“BEV(s)”) worldwide reached 2 million units in the third quarter of 2022, representing an increase of 75% compared to the same period last year. The International Energy Agency also confirmed that global sales of EVs doubled in 2021, accounting for close to 9% of the car market, and it expects them to hit a new peak in 2022, rising to 13% of total light-duty vehicle sales globally.

The People’s Republic of China (“PRC” or “China”) continues to be the global growth engine for EV sales. The China Passenger Car Association (“CPCA”) announced that the sales volume of NEVs in China accounted for 62% of the global sales volume of NEVs in the first nine months of 2022, while cumulative sales of BEVs in China increased by 98.2% year-on-year to approximately 3 million units. Given these strong figures, the CPCA raised its 2022 annual sales forecast for NEVs to approximately 6.5 million units, indicating a very optimistic outlook.

China has implemented several policies to encourage purchase of NEVs including extending the purchase tax exemption on them until 2023 which was originally scheduled to expire at the end of 2022. In addition, increasingly mature and sophisticated fast-charging technologies and EV battery development also contribute to the steady growth of NEVs in China.

Hypercars

According to The Business Research Company, the global hypercar market was valued at nearly US\$10.6 billion in 2021 and is expected to grow to US\$44.2 billion in 2026, at a rate of 33% during the forecast period. Enhancement of technologies, increasing disposable income and rise in consumer demand continues to drive market growth.

High-end Vehicles and Luxury Vehicles

According to McKinsey, global sales of luxury vehicles reached approximately 1.5 million units in 2021, while the luxury car segment enjoyed double-digit margins from 2016 to 2021. The share of the luxury car segment should increase by 2031, with a compound annual growth rate (“CAGR”) of 8-14%. With evermore millionaires and billionaires in evermore places as well as technology shifts, the center of sales growth for luxury vehicles has shifted from North America and Europe to Asia and the Middle East. This new demand for high-ticket automobiles has attracted emerging entrants to the market especially in China, resulting in more product launches. According to the China Association of Automobile Manufacturers, sales volume of domestically produced high-end brand passenger vehicles reached approximately 2.76 million units in the nine months ended 30 September 2022, representing a year-on-year growth of 10.9% which indicates a promising development of the segment.

Engineering Service Outsourcing

According to Future Market Insights, a certified market research organization, the global automotive engineering service outsourcing (“ESO”) market is projected to reach US\$74 billion in value in 2022. The market is forecasted to be worth US\$477.6 billion by the end of 2032 with a CAGR of 20.5% from 2022 to 2032, driven by the increase in research and development (“R&D”) activities and technological innovations.

BUSINESS REVIEW

During the Period, the Group has strategically positioned to focus on its own branded vehicles development business riding on the smart EVs adoption trend across the globe and strives to becoming one of the leaders in smart mobility services industry. Various initiatives were implemented to build on the Group’s unique hypercar DNA and further expand its EV business, consolidating the Group’s unique position in the luxury mobility market.

The Group is delighted to see WM Motor Holdings Limited (“WM Motor”), one of China’s market leaders in mainstream smart EVs, become the Company’s largest shareholder. This brings the Group numerous benefits including adding senior executives with deep industry expertise and considerable market insight to the Board and a team of senior management with extensive automotive industry experience. The Group also explored synergies with WM Motor in automobile manufacturing and continued to advance its business by communicating its future vision and strategy to officially enter the luxury EV market.

Apollo Hypercar

Delivery of Apollo Intensa Emozione Hypercars

As the Group’s flagship hypercar model, Apollo Intensa Emozione (“Apollo IE”) features the first all-carbon fiber production chassis of its kind, from the monocoque to subframes and crash structures with extravagant styling and a V12 engine which aims to contend as one of the wildest cars ever made. During the Period, a total of three Apollo IE vehicles were delivered to Hong Kong, Germany and the United States.

Launch of Apollo Project EVO

As the successor of the critically-acclaimed Apollo IE hypercar, Apollo Project EVO was unveiled at China International Import Expo in November 2021 (“CIIE 2021”), setting the benchmark for next-generation collectable ICE hypercars. The car features an advanced carbon monocoque and a handling package that ensure raw power and emotional aesthetics are matched by peerless handling and driving dynamics. Meanwhile, it is a dramatically sculpted piece of design that always continues to offer an intense and emotional visual experience.

Appearance in Global Hypercar Events

Apollo Project EVO has been in test and attended a number of public events during the Period, with great response from fans and potential future customers. In June 2022, the Apollo IE and Apollo Project EVO participated in Germany's Nürburgring where they were received with great enthusiasm from key members of the hypercar community. This global tour extended to the prestigious Monterey Car Week 2022 in the United States where the Apollo IE made an appearance. This is one of the world's most important events for super-premium brands and represents one of the largest gathering of ultra-high net worth buyers anywhere across the globe. Attendance was vital to communicating and supporting Apollo's market position. A number of highly engaged prospects were generated, nurtured and advanced to support long-term demand for future Apollo products.

Marketing efforts returned to Europe for the crucial end of the summer buying period. This culminated in dynamic attendance at the highly prestigious Supercar Owners Circle in Croatia. This 4-day event attracts some of the world's exclusive hypercar customers. Apollo Project EVO was well received by both potential customers and fans, once again, supporting prospecting efforts for Apollo hypercars.

Apollo EV

Unveiling Apollo EVision S Concept Car

During the Period, the Group announced its entry into the promising luxury EV segments with the unveiling of its Apollo EVision S concept car in CIIE 2021. Apollo EVision S concept car is a progressive showcase of the Group's vision for the future of luxury electric mobility which builds a bridge between 'The Intense Emotions' of Apollo hypercars and the approach of daily usability. It also acts as a precursor to a broader, more extensive product development pipeline that the Group is developing.

Announcement on New AFMG EV Model

In August 2022, the Group unveiled its strategic plan on electrification and EV product roadmap with the announcement that a new AFMG EV model would debut soon. The new model is developed based on a platform developed by GLM Co., Ltd. ("GLM", a subsidiary of the Company in Japan) and G2J advanced engineering prototype. It is a drivable concept car that will inherit Apollo's hypercar DNA with carbon-fiber bodyworks and aesthetic design, signaling the Group's commitment to establishing a foothold in the luxury EV market.

Unveiling G2J Advanced Engineering Prototype

Following the announcement on the Group's global strategic plan, AFMG further revealed the path to electric performance future with the introduction of the G2J advanced engineering prototype in October 2022. Under development for over two years, the G2J is an advanced rolling engineering prototype that draws upon the vehicle development, engineering, powertrain and platform technology expertise of the Group's German team and the vehicle technology department of GLM in Japan. G2J is currently undergoing final testing to refine and validate the key powertrain, connectivity and wider digital ecosystem technologies that will underpin AFMG's future electric sports car products.

Mobility Ecosystem

In addition to its hypercar and EV businesses, the Group leverages on strategic partners including Divergent Technologies Inc. ("Divergent") and EV Power to jointly establish a forward-looking luxury mobility ecosystem. At the same time, the Group's R&D team has been working diligently to develop proprietary technologies and updating existing technologies to support the development and technological advancement of the Group's own-brand vehicles.

Licensing Income from In-house Proprietary Technologies

The Group signed the first vehicular platform licensing agreement with Italian brand De Tomaso in May 2020 and received licensing revenue from them during the Period. A platform comprises a complete rolling chassis with crash structure, powertrain, electronics and suspension, which can be used in a variety of vehicle types globally. This provides a solid foundation for the Group to expand its vehicle licensing arrangements with other original equipment manufacturers wanting to offer Apollo's state-of-the-art future mobility technology products to their customers.

The Crate Powertrain

Developed by the Group's in house R&D team, the Crate Powertrain embodies innovations that empower the transition to 800V systems for EVs and features two inverters utilizing the next-generation Silicon Carbide technology for higher efficiency. The Crate Powertrain prototype has been undergoing testing process during the Period. Given the potential power efficiencies this new inverter system can bring to the NEV ecosystem, the Group is exploring partnership options to progress into final testing.

Engineering Service Outsourcing

During the Period, the Group's automotive ESO unit continues to provide a full range of mobility innovation activities — from ideation, design, modeling, engineering, simulation, validation & testing, and prototype production through to the delivery of pre-production prototypes. The Group further consolidated its engineering units in one of Europe's great automotive heartlands, Ingolstadt, Germany with the new campus in Wolfsburg and its subsidiary in Japan.

To showcase its latest innovations and technological capabilities, the Group organized and participated in a series of events during the Period.

At CIIE 2021, the Group presented its latest and ambitious projects — the Apollo Project EVO for the high-performance segment, the Apollo EVision S concept car for the premium electric mobility segment as well as the Crate Powertrain, Apollo all-carbon monocoque chassis and the UME electric utility vehicle. These projects demonstrated to our industry peers and partners the future of performance and provided a roadmap that defines the transition to clean-air mobility. Following its successful participation in the CIIE, AFMG hosted “APOLLO FIRE AND ICE” mobility showcase at the MGM Theatre at MGM MACAU, bringing an exciting motorsport atmosphere to the city known as “Monte Carlo of the Orient” during the 68th Macau Grand Prix. As the grand finale of AFMG's 2021 Mobility Innovation Roadshow, the Group hosted a showcase for investors and media at The Murray, Hong Kong in December 2021 with the theme of “THE ULTIMATE SUSTAINABLE FUTURE OF MOBILITY”.

Other Corporate Developments

Change of Company's Chinese Name

To fully convey the management team's determination and confidence in the field of smart mobility, the Company's Chinese name was officially changed to “Apollo 智慧出行集團有限公司” with effect from 26 August 2022. The new Chinese name aligns the Group with its strategy of becoming the leading provider of smart mobility services. It will also enable the Group to further capture potential business opportunities by enhancing its corporate image and identity.

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

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

The Company was admitted to the “Consumer Discretionary” industry — “Automobiles” sector — “Automobiles” subsector under the Hang Seng Industry Classification System (“HSICS”) with effect from 30 September 2022. This change in classification effectively informs the market of the Group’s latest mobility developments, enabling investors to more accurately identify AFMG as a key industry participant and make better-informed decisions.

WM Motor Became AFMG’s Largest Shareholder

Through several share exchange arrangements, WM Motor, one of China’s leading smart EV companies, became AFMG’s largest shareholder during the Period. Combining WM Motor’s established smart EV manufacturing facilities with the Group’s experience in sales and distribution of the Apollo brand in the high-end automobile market backed by its proprietary technology, these significant synergies will enable faster expansion of the Group’s luxury EV business.

New AFMG Senior Management Team

AFMG welcomes seasoned professionals from the automotive and finance industry joining the Group during the Period.

The Board appointed Mr. Freeman Hui Shen as a non-executive Director and Co-Chairman of the Board; Mr. Joseph Lee was appointed as an executive Director and Vice Chairman of the Board; Mr. Qi Zhenggang, Marcus, was appointed as the General Manager of the Group and an executive Director; Ms. Zheng Kaiyan, Enya, was appointed as Senior Vice President, Finance of the Group; Ms. Hau Yan Hannah Lee, was appointed as an independent non-executive Director; and Mr. Wilfried Porth joined AFMG as a non-executive Director.

The valuable experience of these top executives will enable the Group to tread deeper into the NEV industry chain and establish stronger footholds in the NEV industry in China and overseas markets.

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

Other Legacy Businesses

The Group has been continuously seeking to scale down its legacy businesses, in order to focus its capital and management resources on further developing the more promising mobility businesses.

As disclosed in the section headed “Material Acquisitions or Disposals” below, during the Period, the Group reached an agreement to dispose of part of its watches wholesale business for a total cash consideration amounted to HK\$50 million. The Group intends to apply the proceeds in further development of its high-performance hypercars and luxury EVs, provision of mobility technology solutions businesses, and as general working capital.

PROSPECTS AND OUTLOOK

The Group’s decisive move into the luxury car market responds to strong market dynamics. According to Statista Mobility Market Outlook, sales of EVs globally are expected to increase by 20% year-on-year from US\$384 billion at the end of 2022 to US\$462 billion in 2023. McKinsey expects China to be the market leader for luxury cars by 2031 with 8–14% annual growth, increasing its global share in the segment from 24% in 2021 to around 35% by the end of 2031. The Group is uniquely well placed to capture the ample potential of the luxury EV market.

Building on the success of the Apollo hypercar brand, the Group will continue to focus on penetrating the luxury and premium car market in response to rapidly changing demographic dynamics in China. The number of high- and ultra-high-net-worth individuals are expected to increase globally, and in particular the fastest growth among the ultra-high-net-worth clusters is expected to come from China, creating optimal market conditions for the Group’s state-of-the-art and luxury vehicles.

Through all the initiatives since the Group’s first foothold in the NEV industry, the Group stands ready to cope with surging global market demand for EVs. The Group will focus on the robust luxury sector, leverage the significant value in the Apollo brand as a celebrated and highly desired maker of bespoke hypercars and partner with the Group’s strategic partners to create synergies in its mobility ecosystem. A range of luxury EV models featuring advanced mobility technologies, aesthetics design and premium services with a view to meeting the growing mobility needs of high-end users are in the pipeline.

Looking ahead, the Group will continue leveraging the Apollo brand's unique appeal and the Group's technological capabilities to further excel in its hypercar and EV development. With WM Motor becoming the Company's largest shareholder, the Group is poised to capitalize on these new opportunities within the luxury EV market and redefine smart mobility by creating a better, more personalized driving experience for users, and hence building a future-oriented luxury mobility ecosystem.

FINANCIAL REVIEW

For the twelve months ended 30 September 2022, the revenue of the Group increased by approximately 30.5% to approximately HK\$689.9 million as compared to approximately HK\$528.6 million in the corresponding period of last year. The revenue comprised revenue from mobility services segment of approximately HK\$185.5 million (2021: HK\$104.8 million), sales of jewellery products, watches and other commodities of approximately HK\$465.9 million (2021: HK\$377.2 million), and interest income from loan financing of approximately HK\$38.5 million (2021: HK\$45.1 million). During the Period, revenue from mobility services segment increased due to (i) the licensing income from the license of vehicular platform; and (ii) the revenue from engineering service outsourcing following the completion of the acquisition of Ideenion Automobil AG in February 2021. Sales of jewellery products, watches and other commodities increased due to improved sentiment in the PRC market. Income from loan financing remained stable.

The Group's gross profit amounted to approximately HK\$163.4 million for the Period as compared to approximately HK\$131.5 million in the corresponding period of last year. The gross profit margin decreased to approximately 23.7% for the Period (2021: 24.9%) mainly due to decrease in margin from the sales of jewellery products, watches and other commodities to boost sales.

General and administrative expenses decreased by 21.3% to approximately HK\$232.0 million (2021: HK\$294.8 million) mainly due to the decrease in equity-settled share option expense of approximately HK\$41.7 million (2021: HK\$106.8 million) recorded during the Period as less share options were granted during the Period as compared to the corresponding period of last year.

Other gains/losses, net mainly comprised: (i) the fair value gains of approximately HK\$128.9 million (2021: HK\$21.9 million) on financial assets at fair value through profit or loss; (ii) impairment of goodwill of approximately HK\$105.4 million (2021: Nil) due to changes in market conditions; and (iii) fair value gains on contingent consideration payables of approximately HK\$274.9 million (2021: losses of approximately HK\$56.0 million) arising from the Group's acquisitions due to the changes in share price of the Company as at the valuation dates.

Overall, the profit attributable to owners of the Company for the Period turned around to approximately HK\$37.8 million from the loss of approximately HK\$349.6 million for the corresponding period of last year due to the reasons as explained above.

Significant Investments Held

Investment in EV Power

EV Power and its subsidiaries are principally engaged in the provision of convenient, safe and cost-effective EV charging solutions in Hong Kong and the PRC. EV Power is China's largest charging point operator in terms of number of charging sites in operation in residential areas. It operates over 7,600 charging sites and over 36,000 charging piles (or 61,000 charging bays), covering over 60 cities in the country. The Group's investment in EV Power represents an opportunity for the Group to create strong synergies with EV Power through the Group's proprietary EV technologies and thereby completing the full value chain of mobility.

Investment in Divergent

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

Liquidity, Financial Resources and Gearing

As at 30 September 2022, the cash and cash equivalents of the Group amounted to approximately HK\$135.4 million (2021: HK\$150.1 million), which were mainly denominated in HK\$, Renminbi (“RMB”), Euro and Japanese Yen.

The total current assets and total current liabilities of the Group as at 30 September 2022 were approximately HK\$1,178.4 million and HK\$577.9 million, respectively (30 September 2021: total current assets of HK\$1,331.9 million and total current liabilities of HK\$1,277.6 million). The Group’s net current assets as at 30 September 2022 comprised inventories of approximately HK\$120.1 million (2021: HK\$173.4 million), accounts receivable, prepayments, deposits and other receivables of approximately HK\$335.7 million (2021: HK\$348.6 million), loans receivable of approximately HK\$580.3 million (2021: HK\$652.1 million) and contract assets of approximately HK\$4.7 million (2021: HK\$2.7 million).

The Group’s inventory turnover, accounts receivable turnover and accounts payable turnover periods were 102 days, 21 days and 69 days, respectively. The turnover ratios were consistent and complied with the respective policies of the Group on credit terms granted to customers and credit terms obtained from suppliers.

During the Period, the Group financed its operations and investment activities mainly through a combination of (i) equity financing; (ii) operating cash inflows; and (iii) interest-bearing bank borrowings and convertible bonds. As at 30 September 2022, equity attributable to owners of the Company amounted to approximately HK\$3,919.1 million (2021: HK\$3,658.7 million).

The Group’s total interest-bearing bank borrowings and convertible bonds issued by the Company as at 30 September 2022 amounted to approximately HK\$96.2 million (2021: HK\$122.7 million) and approximately HK\$152.7 million (2021: Nil), respectively, which were mainly denominated in HK\$, RMB and Japanese Yen. The interest-bearing bank borrowings and convertible bonds were mainly used for investment in business opportunities in order to expand into the mobility technology solutions and related business and for working capital purpose and all of which are at commercial lending variable interest rates.

The Group monitors capital on the basis of the gearing ratio. As at 30 September 2022, the gearing ratio was approximately 2.5% (2021: 3.4%). This ratio is calculated as total interest-bearing bank borrowings (other than convertible bonds) divided by total equity.

Contingent Liabilities

The Group had no significant contingent liabilities as at 30 September 2022.

Pledge of Assets

As at 30 September 2022, the Group's freehold land and buildings and certain building including right-of-use assets, with an aggregate carrying amount of approximately HK\$88.0 million were pledged to secure certain bank loans to the Group of principal amount of approximately HK\$58.1 million.

Interim Dividend

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

Capital Management

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

Foreign Exchange Exposure

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

Material Acquisitions or Disposals

On 24 May 2022, Ming Fung Investment Holdings Limited (the “Seller”), an indirect wholly-owned subsidiary of the Company, and State Energy Group International Assets Holdings Limited (the “Buyer”) entered into an agreement, pursuant to which the Seller had conditionally agreed to sell and the Buyer had conditionally agreed to acquire the entire issued share capital of Sinoforce Group Limited (“Sinoforce” and together with its subsidiaries, “Sinoforce Group”), for a total cash consideration of HK\$50,000,000 (the “Disposal”). Sinoforce Group was principally engaged in wholesale of watches in Hong Kong, the PRC and Taiwan. The completion of the Disposal took place on 14 June 2022. Further details of the Disposal are set out in the announcement of the Company dated 24 May 2022.

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

Events After the Reporting Period

On 14 October 2022, (i) Lucky Ample Limited (“Lucky Ample”), a wholly-owned subsidiary of the Company, (ii) Shanghai Alliance Investment Ltd. (上海聯和投資有限公司; “SAIL”) and (iii) WESail New Energy Automotive Co. Ltd. (上海聯和力世紀新能源汽車有限公司; the “Joint Venture”), a jointly-controlled entity of the Company, entered into the capital injection agreement, pursuant to which Lucky Ample and SAIL shall inject capital in the amount of US\$43 million (equivalent to approximately HK\$335.4 million) and US\$27 million (equivalent to approximately HK\$210.6 million) respectively on or before 31 December 2022 in cash into the Joint Venture (the “Capital Injection”). The Joint Venture is principally engaged in the NEV-related technology development, technology transfer, technology consulting and technology services.

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

Further details of the Capital Injection are set out in the announcement of the Company dated 14 October 2022.

Employees and Remuneration Policies

As at 30 September 2022, the Group had 190 (2021: 193) employees. In addition to basic salary, employees are entitled to other benefits including those under social insurance contribution, employee provident fund schemes and share option scheme of the Company. The remuneration of employees was in line with market trend and commensurate to the levels of pay in the industry and to the performance of individual employees that are regularly reviewed each year.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, there was no other specific plan for material investments or capital assets as at 30 September 2022.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Period, the Company repurchased 24,928,000 shares of the Company (the “Shares”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for an aggregate consideration (before transaction costs) of approximately HK\$7,908,000 pursuant to the share repurchase mandate approved by the shareholders of the Company (the “Shareholders”) at the annual general meeting held on 10 March 2022. The repurchase was effected as the Board considered that the then trading price of the Shares did not reflect their intrinsic value and business prospects of the Company and that it presented a good opportunity for the Company to repurchase Shares. The Board believed that a share repurchase would demonstrate the Company’s confidence in its own business outlook and prospects and would, ultimately, benefit the Company and create value to the Shareholders. As at the date of this announcement, 21,700,000 Shares out of the 24,928,000 Shares repurchased have been cancelled.

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

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

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during the twelve months ended 30 September 2022.

CORPORATE GOVERNANCE

During the Period, the Company has complied with the code provisions set out in the Corporate Governance Code (the "Code") as stated in Part 2 of Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

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

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

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

APPRECIATION

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

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

Hong Kong, 30 November 2022

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