

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.



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)

**VERY SUBSTANTIAL DISPOSAL
DISPOSAL OF SALE SHARES;
AND
RESUMPTION OF TRADING**

Financial adviser to the Company



THE SALE AND PURCHASE AGREEMENT

On 26 July 2024 (after trading hours), the Vendors, the Purchaser and the Target Company entered into the Sale and Purchase Agreement, pursuant to which each of the Vendors has conditionally agreed to dispose of, and the Purchaser has conditionally agreed to acquire, the Sale Shares, representing an aggregate of approximately 12.87% of the issued shares of the Target Company as at the date of the Sale and Purchase Agreement, at the Consideration of US\$101,533,292.15 (equivalent to approximately HK\$793.0 million).

As at the date of this announcement, the unlisted investment interest in Target Company had been accounted for as financial assets at fair value through profit or loss of the Company. Upon final Subsequent Closing, each of the Company and Global 3D will cease to have any interest in the Target Company.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 75%, the Disposal will constitute a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The SGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) a valuation report of the Sale Shares as prepared by an independent valuer; and (iii) a notice of the SGM and other information as required under the Listing Rules will be despatched to the Shareholders on or before 22 August 2024.

RESUMPTION OF TRADING

Trading in the Shares was halted with effect from 9:00 a.m. on Monday, 29 July 2024 at the request of the Company, pending the publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Thursday, 8 August 2024.

Completion of the Sale and Purchase Agreement is conditional upon the fulfillment and/or waiver (if applicable) of the conditions precedent set out in the Sale and Purchase Agreement. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

INTRODUCTION

On 26 July 2024 (after trading hours), the Vendors, the Purchaser and the Target Company entered into the Sale and Purchase Agreement, pursuant to which each of the Vendors has conditionally agreed to dispose of, and the Purchaser has conditionally agreed to acquire, the Sale Shares, representing an aggregate of approximately 12.87% of the issued shares of the Target Company as at the date of the Sale and Purchase Agreement, at the Consideration of US\$101,533,292.15 (equivalent to approximately HK\$793.0 million).

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

Date: 26 July 2024 (after trading hours)

Parties: (i) the Company, as one of the Vendors
(ii) Global 3D, as one of the Vendors
(iii) the Purchaser
(iv) the Target Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner(s) is an Independent Third Party.

Assets to be disposed of

The 4,931,588 Sale Shares, comprising 792,818 Series C-1 preferred stock and 4,138,770 Series B preferred stock owned by the Company and Global 3D, respectively, which in aggregate represent approximately 12.87% of the shares of the Target Company as at the date of the Sale and Purchase Agreement.

Consideration and payment terms

The Consideration for the Sale Shares is US\$101,533,292.15 (equivalent to approximately HK\$793.0 million), which shall be payable by the Purchaser to the Vendors in the following manner:

(i) at Initial Closing, as to US\$14,999,994.90 (equivalent to approximately HK\$117.1 million) with respect to the Initial Shares, being 657,030 Sale Shares at the purchase price of US\$22.83 per share, to be paid after all the

conditions precedent have been fulfilled (or waived, where applicable) (as detailed in the below section headed “Conditions precedent to Closing”); and

- (ii) at Subsequent Closing(s), as to US\$86,533,297.25 (equivalent to approximately HK\$675.8 million) with respect to the Subsequent Shares, being the remaining 4,274,558 Sale Shares at the purchase price of US\$20.2438 per share.

The Consideration was determined and informed by the Target Company and the Purchaser with reference to recent transaction(s) of the sale and purchase of the Target Company’s equity capital.

Conditions precedent to Closing

Pursuant to the Sale and Purchase Agreement, the sale and purchase of the Sale Shares shall be conditional upon the fulfillment of the following conditions precedent:

- (i) all necessary consents and approvals as may be required to be obtained by each of the Vendors in respect of the Closings under the Listing Rules, the bye-laws of the Company and/or any other applicable laws and regulations having been obtained or (where applicable) waived by the Stock Exchange;
- (ii) the representations and warranties of the Purchaser remaining true and correct in all material respects as of the date and time of such Closing, and the Purchaser having performed all obligations and agreements, and complied with all covenants and conditions contained therein on the Purchaser’s part to be performed and complied with;
- (iii) the Purchaser having delivered the relevant closing deliverables in accordance with the Sale and Purchase Agreement;
- (iv) the representations and warranties of each of the Vendors remaining true and correct in all material respects as of the date and time of such Closing, and each of the Vendors having performed all obligations and agreements, and complied with all covenants and conditions contained therein on each Vendor’s part to be performed and complied with; and
- (v) each Vendor having delivered the relevant closing deliverables in accordance with the Sale and Purchase Agreement.

The above conditions precedent may be waived only in writing by the forbearing party.

Escrow arrangement

The certificates for the Sale Shares shall be deposited in escrow with the Target Company to be held in accordance with the provisions of the Sale and Purchase Agreement. The applicable number of Sale Shares shall be (i) surrendered to the Purchaser at each Closing upon the Purchaser performing and observing its obligations with respect to such Closing, including without limitation payment of the relevant consideration with respect to the Sale Shares to the Vendors; or (ii) released to each Vendor to the extent that the Purchaser has not purchased all the Sale Shares by the Long Stop Date.

Closings

The Purchaser shall purchase the Sale Shares at one or more Closings. The Closings shall take place after all the conditions precedent to the Sale and Purchase Agreement have been fulfilled. At each Closing, each Vendor shall deliver to the Target Company the stock certificate(s), or authorise the Target Company to remove any such stock certificates from escrow for cancellation and reissuance to the Purchaser, representing (i) the Initial Shares with respect to the Initial Closing; or (ii) the applicable number of Subsequent Shares with respect to a Subsequent Closing, evidencing such Sale Shares in the Purchaser's name.

Initial Closing

The Purchaser shall use commercially reasonable efforts to cause the Initial Closing to take place on the date that is six weeks following the date of the Sale and Purchase Agreement (or such other date as the parties shall mutually agree in writing). On or prior to the Initial Closing, the Vendors shall deliver a resignation letter by the director appointed by the Vendors as a director of the Board of Target Company with effect from the date of the Sale and Purchase Agreement and execute any agreements, consents and other documents necessary to remove the Vendors' right to designate a member of the Board of Target Company (including amendments to the Target Company's voting agreement or certificate of incorporation).

Subsequent Closing(s)

The parties further agreed that the sale and purchase of the Subsequent Shares shall be completed prior to the Long Stop Date, provided that the Purchaser provides a not less than 5-business day notice in writing to the Vendors of the proposed date(s) of Subsequent Closing(s) along with the number of Sale Shares to be purchased from each Vendor and the aggregate consideration payable by the Purchaser to such Vendor related to such Subsequent Closing(s).

For each Subsequent Closing, the parties agreed that a pro rata number of Series B preferred stock and Series C-1 preferred stock will be sold (i.e., the same percentage of Series B preferred stock, relative to the remaining amount of Series B preferred stock, as the percentage of Series C-1 preferred stock, relative to the remaining amount of Series C-1 preferred stock) and the payment of the applicable portion of the Consideration shall be made to each Vendor based on the number of Subsequent Shares such Vendor is selling in such Subsequent Closing.

INFORMATION ON THE PARTIES

The Vendors

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; (ii) retailing and wholesale of jewellery products, watches and other commodities; and (iii) money lending.

Global 3D, a direct wholly-owned subsidiary of the Company, is a company established in the Cayman Islands with limited liability. Global 3D is principally engaged in investment holding.

The Purchaser

The Purchaser is a company incorporated in Delaware and its principal business is investment holding. The ultimate beneficial owner of the Purchaser is a family trust (the “**Trust**”) of a United States resident, who is an existing shareholder of the Target Company. The trustee of the Trust is The Goldman Sachs Trust Company of Delaware.

The Target Company

The Target Company is a private company incorporated in Delaware and principally engaged in the business of research, design, development and production of three-dimensional printed vehicle structures through its patented hardware and software platform.

As at 31 December 2023, the carrying value of the Sale Shares amounted to approximately HK\$899.0 million. As at 30 June 2024, the fair value of the Sale Shares amounted to approximately HK\$706.0 million based on the preliminary valuation of the Sale Shares as appraised by an independent firm of qualified professional valuer (the “**Valuer**”).

In arriving at the fair value of the Sale Shares as at 30 June 2024, the Valuer adopted the market approach in valuing the Sale Shares with reference to recent transactions within six months from the date of the Sale and Purchase Agreement, which the Valuer considers it adequately covers the prevailing capital market conditions and sentiments in the United States with sufficient and representative number of transactions after taking into account of the Sale Shares are unlisted. Details of the valuation will be disclosed in the valuation report of the Sale Shares, which will be included in the circular.

FINANCIAL EFFECT OF THE DISPOSAL

As at the date of this announcement, the Target Company had been accounted for as financial assets at fair value through profit or loss of the Company. Upon final Subsequent Closing, each of the Company and Global 3D will cease to have any interest in the Target Company. The Directors are of the view that the Disposal will not result in any material adverse impact on the operation of the core business of the Group.

Subject to final audit by the auditors of the Company, the Group expects to record a loss from the Disposal of approximately HK\$106.0 million, which is calculated with reference to (i) the Consideration of US\$101,533,292.15 (equivalent to approximately HK\$793.0 million); and (ii) the fair value of the Sale Shares of approximately HK\$899.0 million as at 31 December 2023.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

It is expected that the Company will receive net proceeds of approximately HK\$790.0 million from the Disposal after deducting the estimated transaction costs and professional expenses of approximately HK\$3.0 million.

The Company intends to use the net proceeds from the Disposal as follows.

- (i) approximately HK\$711.0 million for research and development of hypercars and EVs; and
- (ii) approximately HK\$79.0 million for general working capital including salary payments, legal and professional fees and other general corporate purposes.

The Company is given to understand by the Target Company that the Target Company has been applying facility clearance (“FCL”) status from the United States Defense Counterintelligence and Security Agency in order to obtain classified defense contracts. The technology used by the Target Company has been identified as classified by the United States, which consequently triggers

regulations under the United States Department of State's International Traffic in Arms Regulations (“**ITAR**”) and/or the United States Department of the Treasury's Committee on Foreign Investment in the United States (“**CFIUS**”). Given the sensitive nature of defense applications of this technology, strict compliance with these regulations is mandatory to avoid any legal ramifications. In this circumstance where the Group's shareholding in the Target Company exceeds the foreign ownership threshold (the “**Threshold**”) triggering the United States laws and regulations that would hinder the Target Company to obtain classified defense contracts in the United States. Hence, the Target Company has requested and facilitated the divestiture of its foreign shareholders exceeding the Threshold. The Purchaser, whose ultimate beneficiary owner is an existing shareholder of the Target Company, was designated by the Target Company as the purchaser to facilitate the Disposal.

As the application of FCL will trigger the scrutiny of the relevant United States government departments, including the CFIUS, therefore, the Target Company and the Group may be exposed to material legal risks, including substantial fines and other penalties. Moreover, considering that the Target Company possesses sensitive technology, the Group's continued ownership of the Sale Shares which exceeded the Threshold may constitute a potential risk to the United States national security and could become a target of United States Department of the Treasury's Office of Foreign Asset Control for either secondary sanction or directly by freezing the Group's United States assets or its assets in the hands of United States persons/entities. Furthermore, the Group's continued shareholdings in a United States military supplier or contractor may expose the Group and the Shareholders to political risk in view of (i) the intensified tension between the PRC and the United States, in particular, the United States presidential election will set the course for relations with the PRC for the next four years; and (ii) the background of the major Shareholders, which comprise Shareholders controlled by the Shanghai Municipal Government and Shareholders with positions held in the Chinese People's Political Consultative Conference.

In light of the above and taking into consideration (i) that the continued shareholdings in a United States military supplier or contractor may expose the Group to potential political and legal risk; (ii) that the Group has indeed no other option and the pressing circumstances are such that no one has any luxury to act as if this were an ordinary commercial transaction; (iii) of the net proceeds to be received from the Disposal; (iv) that the Consideration of approximately HK\$793.0 million is substantially higher than the investment cost of the Company in the Sale Shares of approximately HK\$469.4 million; (v) that the Consideration is close to the book value (which was measured at fair value) of such investment as recorded in the latest audited accounts of the

Company; and (vi) that the Consideration is higher than the fair value of the Sale Shares as at 30 June 2024 based on the preliminary valuation of the Sale Shares as appraised by the Valuer, the Directors are of the view that the Disposal represents an opportunity for the Company to exit from investing in the Target Company enabling the Group to redeploy its resources and efforts to other suitable business opportunities with better potential, and the terms of the Sale and Purchase Agreement are on normal commercial terms and fair and reasonable, and the Disposal is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 75%, the Disposal will constitute a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

WAIVER FROM STRICT COMPLIANCE WITH RULE 14.58(7) OF THE LISTING RULES

Pursuant to Rule 14.58(7) of the Listing Rules, the Company is required to include in this announcement the net profits (both before and after taxation) attributable to the assets which are the subject of the transaction for the two financial years immediately preceding the transaction.

As advised by the Company's legal adviser as to the United States law, the Company is restricted from disclosing the Target Company's financial information to the public by the relevant confidentiality clauses contained in the investors' rights agreement entered into by the Group at the time of subscribing the equities of the Target Company. Moreover, the Target Company is prohibited from disclosing its export-controlled information (including but not limited to financial information) to non-United States persons under ITAR and the United States Department of Commerce's Export Administration Regulations and subject to regulation by the CFIUS.

Given that the Company would not be able to disclose those information due to the restrictions under the relevant laws and regulations of the United States, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 14.58(7) of the Listing Rules.

GENERAL

The SGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) a valuation report of the Sale Shares as prepared by an independent valuer; and (iii) a notice of the SGM and other information as required under the Listing Rules will be despatched to the Shareholders on or before 22 August 2024.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders has any material interest in the Disposal as contemplated under the Sale and Purchase Agreement. Therefore, none of the Shareholders and their associates is required to abstain from voting in the SGM to be convened by the Company for the approval of the Sale and Purchase Agreement and the transactions contemplated thereunder.

RESUMPTION OF TRADING

Trading in the Shares was halted with effect from 9:00 a.m. on Monday, 29 July 2024 at the request of the Company, pending the publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Thursday, 8 August 2024.

Completion of the Sale and Purchase Agreement is conditional upon the fulfillment and/or waiver (if applicable) of the conditions precedent set out in the Sale and Purchase Agreement. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Board of Target Company”	the board of directors of the Target Company

“Business Day(s)”	a day (other than a Saturday, a Sunday and a public holiday) on which licensed banks in Hong Kong are open to general public for business
“Closing(s)”	closing date(s) of the Initial Closing and/or the Subsequent Closing(s), as the case may be
“Company”	Apollo Future Mobility Group Limited (Apollo智慧出行集團有限公司), a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 860), as one of the Vendors
“Consideration”	the total consideration for the Sale Shares in the amount of US\$101,533,292.15 pursuant to the terms and conditions of the Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of Sale Shares by the Vendors to the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement
“EV(s)”	electric vehicle(s)
“Global 3D”	Global 3D Printing Co Ltd, a direct wholly-owned subsidiary of the Company and one of the Vendors
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a third party(ies) independent of, and not connected with, the Company and its connected persons which has the meaning ascribed to it under the Listing Rules
“Initial Closing”	completion of the sale and purchase of the Initial Shares

“Initial Shares”	an aggregate of 657,030 Sale Shares (comprising 105,626 Series C-1 preferred stock and 551,404 Series B preferred stock owned by the Company and Global 3D, respectively) to be disposed of at a purchase price of US\$22.83 per share at Initial Closing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	ten months and 17 days following the Initial Closing
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Lateralus Holdings IV, LLC, an Independent Third Party and the purchaser of the Sale Shares
“Sale and Purchase Agreement”	the sale and purchase agreement dated 26 July 2024 entered into between the Vendors, the Purchaser and the Target Company in relation to the Disposal
“Sale Shares”	an aggregate of 4,931,588 preferred shares of the Target Company, comprising 792,818 Series C-1 preferred stock and 4,138,770 Series B preferred stock owned by the Company and Global 3D, respectively
“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 Sale and Purchase Agreement and the transaction contemplated thereunder
“Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of ordinary Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subsequent Closing(s)”	completion of the sale and purchase of the Subsequent Shares
“Subsequent Shares”	an aggregate of 4,274,558 Sale Shares (comprising 687,192 Series C-1 preferred stock and 3,587,366 Series B preferred stock owned by the Company and Global 3D, respectively) to be disposed of at a purchase price of US\$20.2438 per share at Subsequent Closing(s)
“Target Company”	Divergent Technologies Inc., a company incorporated in Delaware
“United States”	United States of America
“US\$”	United States dollar(s), the lawful currency of the United States
“Vendors”	collectively, the Company and Global 3D
“%”	per cent

Unless otherwise specified in this announcement, the exchange rate of US\$1.00 = HK\$7.81 has been adopted for translating US\$ into HK\$ in this announcement.

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

Hong Kong, 7 August 2024

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Hui Chun Ying (Chairman) and Ms. Chen Yizi; and three independent non-executive Directors, namely Mr. Peter Edward Jackson, Mr. Charles Matthew Pecot III and Ms. Hau Yan Hannah Lee.