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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the "Board") of directors (the "Directors") of Apollo Future Mobility Group Limited ("AFMG" or the "Company") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2024 (the "Period") together with the comparative figures for the six months ended 30 June 2023. 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 SIX MONTHS ENDED 30 JUNE 2024

	Notes	For the six months ended **30 June 2024** ***HK$'000*** **(Unaudited)**	 30 June 2023 *HK$'000* (Unaudited)
REVENUE	*4*	**126,235**	127,571
Cost of sales		**(113,925)**	(105,800)
Gross profit		**12,310**	21,771
Other income		**19,488**	762
Other gains/(losses), net		**(287,033)**	20,353
Selling and distribution expenses		**(4,878)**	(4,229)
General and administrative expenses		**(56,786)**	(84,043)
Research and development costs		**(15,587)**	(13,818)
Finance costs		**(2,072)**	(9,577)
Share of losses of:			
Joint venture		**(1,280)**	(5,358)
Associate		**(12,768)**	(13,180)
LOSS BEFORE TAX	*5*	**(348,606)**	(87,319)
Income tax credit	*6*	**711**	4,881
LOSS FOR THE PERIOD		**(347,895)**	(82,438)
Attributable to:			
Owners of the Company		**(343,241)**	(77,404)
Non-controlling interests		**(4,654)**	(5,034)
		(347,895)	(82,438)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*8*		(Restated)
Basic		**HK(50.14) cents**	HK(16.10) cents
Diluted		**HK(51.41) cents**	HK(18.46) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	For the six months ended	
	30 June 2024	30 June 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
LOSS FOR THE PERIOD	**(347,895)**	(82,438)
OTHER COMPREHENSIVE LOSS		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(70,445)**	(84,633)
Reclassification adjustments for foreign operations disposed of during the period	**–**	821
	(70,445)	(83,812)
Share of other comprehensive income of a joint venture and an associate	**1,313**	3,822
OTHER COMPREHENSIVE LOSS FOR THE PERIOD	**(69,132)**	(79,990)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(417,027)**	(162,428)
Attributable to:		
Owners of the Company	**(420,632)**	(161,137)
Non-controlling interests	**3,605**	(1,291)
	(417,027)	(162,428)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Notes	**30 June 2024** *HK$'000* **(Unaudited)**	31 December 2023 *HK$'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**61,763**	70,110
Investment properties		**11,598**	12,321
Right-of-use assets		**21,919**	51,480
Goodwill		**1,179,025**	1,253,509
Other intangible assets		**244,638**	260,829
Interest in a joint venture		**–**	–
Interest in an associate		**–**	–
Financial assets at fair value through profit or loss		**1,264,844**	1,466,135
Loans receivable		**114,911**	83,983
Deposits		**136**	155
Deferred tax assets		**1,939**	1,807
Total non-current assets		**2,900,773**	3,200,329
CURRENT ASSETS			
Inventories		**88,774**	75,871
Accounts receivable	*9*	**6,411**	1,844
Loans receivable		**129,762**	125,560
Prepayments, deposits and other receivables		**447,424**	451,678
Tax recoverable		**95**	98
Cash and cash equivalents		**200,705**	64,289
Total current assets		**873,171**	719,340

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
AS AT 30 JUNE 2024

	Notes	**30 June 2024 HK$'000 (Unaudited)**	31 December 2023 HK$'000 (Audited)
CURRENT LIABILITIES			
Accounts payable	*10*	**140,537**	101,379
Other payables and accruals		**375,409**	263,718
Interest-bearing bank borrowings		**2,759**	19,586
Lease liabilities		**2,839**	2,743
Convertible bonds		**–**	121,182
Tax payable		**16,539**	16,145
Total current liabilities		**538,083**	524,753
NET CURRENT ASSETS		**335,088**	194,587
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,235,861**	3,394,916
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**14,636**	18,179
Lease liabilities		**5,813**	77
Deferred tax liabilities		**33,988**	35,203
Total non-current liabilities		**54,437**	53,459
Net assets		**3,181,424**	3,341,457
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*11*	**10,224**	4,807
Reserves		**3,189,351**	3,358,406
		3,199,575	3,363,213
Non-controlling interests		**(18,151)**	(21,756)
Total equity		**3,181,424**	3,341,457

NOTES

FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. CORPORATE INFORMATION

Apollo Future Mobility Group Limited was incorporated in the Cayman Islands as an exempted company with limited liability duly registered and validly existing under the laws of Bermuda. The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda 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. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2024 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 31 December 2023. 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.

3. 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 31 December 2023, 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 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

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

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

    The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the unaudited interim condensed consolidated financial information.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended	
	30 June 2024	30 June 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sales and distribution of vehicles and related components, provision of engineering services, and provision of design, development and prototyping of vehicle components	**37,457**	3,604
Sales of jewellery products, watches and other commodities	**84,923**	103,245
Subtotal	**122,380**	106,849
Revenue from other sources		
Interest income from loan financing	**3,855**	20,722
Total	**126,235**	127,571

5. LOSS BEFORE TAX

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

	For the six months ended	
	30 June 2024	30 June 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold	**112,490**	103,230
Write-down/(reversal of write-down) of inventories to net realisable value	**1,317**	(730)
Fair value losses/(gains) on investment properties*	**432**	(292)
Fair value losses/(gains) on financial assets at fair value through profit or loss, net*	**189,836**	(35,891)
Fair value gains on convertible bonds*	**(1,801)**	(17,000)
Gain on disposal of subsidiaries*	**–**	(4,497)
Reversal of impairment of accounts receivable, net*	**(321)**	(48)
Impairment of loans receivable, net*	**2,240**	30,662
Impairment of other receivables, net*	**77,390**	78
Loss on disposal of items of property, plant and equipment and right-of-use assets*	**3,397**	–

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

6. 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 credit in the condensed consolidated statement of profit or loss are:

	For the six months ended	
	30 June 2024	30 June 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current:		
Hong Kong		
Charge for the period	**202**	2,057
Elsewhere		
Charge for the period	**311**	–
Underprovision in prior periods	**–**	38
Deferred	**(1,224)**	(6,976)
Total tax credit for the period	**(711)**	(4,881)

7. DIVIDEND

The board of directors of the Company does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 684,620,769 (six months ended 30 June 2023: 480,654,928 (restated)) in issue during the six months ended 30 June 2024.

The weighted average number of ordinary shares used in the calculation for the six months ended 30 June 2023 has been adjusted to reflect the consolidation of ordinary shares of the Company on the basis of every twenty ordinary shares into one consolidated ordinary share with effect from 14 December 2023.

The calculation of the diluted loss per share amount for the six months ended 30 June 2024 is based on the loss for the period attributable to ordinary equity holders of the Company, adjusted for the effect of dilutive potential ordinary shares of an associate 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 six months ended 30 June 2024 is the number of ordinary shares in issue during the period, as used in the basic loss per share calculation. No adjustment has been made to the basic loss per share amount presented for the six months ended 30 June 2024 in respect of a dilution arising from share options and convertible bonds as the impact of the share options and convertible bonds outstanding had an anti-dilutive effect on the basis loss per share amount presented.

The calculation of the diluted loss per share amount for the six months ended 30 June 2023 is based on the loss for the period attributable to ordinary equity holders of the Company, adjusted for the effect of dilutive potential ordinary shares of an associate arising from adjustment to the share of loss of an associate and the interest and fair value gains on the convertible bonds. The weighted average number of ordinary shares used in the calculation of the diluted loss per share amount for the six months ended 30 June 2023 is the number of ordinary shares in issue during the period, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares. No adjustment has been made to the basic loss per share amount presented for the six months ended 30 June 2023 in respect of a dilution arising from share options as the impact of the share options outstanding had no dilutive effect on the basis loss per share amount presented.

The calculations of basic and diluted loss per share are based on:

Loss

	For the six months ended	
	30 June 2024	30 June 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss attributable to ordinary equity holders of the Company, used in the basic loss per share calculation	**(343,241)**	(77,404)
Effect of dilutive potential ordinary shares of an associate arising from adjustment to the share of loss of an associate	**(8,753)**	(4,422)
Interest on convertible bonds	**–**	7,351
Fair value gains on convertible bonds	**–**	(17,000)
Loss attributable to ordinary equity holders of the Company, used in the diluted loss per share calculation	**(351,994)**	(91,475)

Shares

	Number of shares For the six months ended	
	30 June 2024	30 June 2023
	(Unaudited)	(Unaudited) (Restated)
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	**684,620,769**	480,654,928
Effect of dilution — weighted average number of ordinary shares: Convertible bonds	**–**	14,890,909
Weighted average number of ordinary shares in issue during the period used in the diluted loss per share calculation	**684,620,769**	495,545,837

9. ACCOUNTS RECEIVABLE

	30 June 2024	31 December 2023
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Accounts receivable	**7,261**	3,020
Impairment	**(850)**	(1,176)
Net carrying amount	**6,411**	1,844

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 June 2024	31 December 2023
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Within 30 days	**42**	218
31 to 60 days	**–**	1
61 to 90 days	**4,748**	1
Over 90 days	**1,621**	1,624
Total	**6,411**	1,844

10. 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 June 2024	31 December 2023
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Within 30 days	**31,243**	721
61 to 90 days	**26,873**	–
Over 90 days	**82,421**	100,658
Total	**140,537**	101,379

11. ISSUED CAPITAL

	30 June 2024	31 December 2023
	HK$'000	*HK$'000*
	(Unaudited)	*(Audited)*
Authorised:		
200,000,000,000 ordinary shares of HK$0.01 each	**2,000,000**	2,000,000
Issued and fully paid:		
1,022,438,090 (31 December 2023: 480,654,928) ordinary shares of HK$0.01 each	**10,224**	4,807

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

	Number of ordinary shares	**Issued capital**
	'000	*HK$'000*
At 1 January 2024	480,655	4,807
Issue of new shares *(notes (a) and (b))*	541,783	5,417
At 30 June 2024	1,022,438	10,224

Notes:

(a) On 24 January 2024, 96,130,985 ordinary shares of the Company of HK$0.01 each were allotted and issued at a subscription price of HK$0.51 per share to a subscriber for a cash consideration, before expenses, of approximately HK$49,027,000.

(b) On 13 May 2024, 445,652,177 ordinary shares of the Company of HK$0.01 each were allotted and issued at a subscription price of HK$0.46 per share to certain subscribers for a total consideration, before expenses, of approximately HK$205,000,000.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Hypercar Market

The hypercar market has been booming worldwide, with rapid growth observed in recent years. According to The Business Research Company, a prominent market research firm, the market size for hypercar grew from approximately United States dollars ("US$")19.16 billion in 2023 to approximately US$25.6 billion in 2024 exhibiting a compound annual growth rate ("CAGR") of 33.6%. This upward trajectory is expected to persist, fueled by the key factors below.

Advancements in technology including breakthroughs in aerodynamics and materials science, have propelled the creation of increasingly sophisticated and efficient hypercar models. A growing number of affluent individuals from well-established economies are now seeking the pinnacle of driving pleasure, characterized by speed, raw power, appealing features, and luxurious comfort. To cater to this expanding desire for distinctive and personalized vehicles, manufacturers are offering a wide array of customization options, enabling customers to tailor their cars to suit their unique preferences.

Moreover, the rising popularity of motorsports events has further bolstered the demand for high-performance hypercars. These events serve as valuable platforms for automakers to showcase their technological prowess and enhance their brand reputation.

In terms of regional market trend, according to Nova One Advisor, a strategic market insights provider, Europe and North America continued to dominate the hypercar market in 2023, holding the largest market shares of approximately 37% and 30%, respectively. This can be attributed to the significant clustering of hypercar production facilities and the increasing presence of major industry players in these regions. The growing economy and disposable income among the population, leading to a shift towards luxury goods in lifestyle choices, are also playing pivotal roles in driving market growth. On the other hand, Asia-Pacific, Latin America, the Middle East and Africa accounted for approximately 30%, 21%, 7%, and 5% of the global hypercar market, respectively. As economic growth continues in emerging markets, automakers are strategically expanding their hypercar offerings to cater to the growing demand for high-performance luxury vehicles in these regions.

High-end Vehicles and Luxury Vehicles

The global luxury vehicle market has witnessed robust growth, steadily expanding its market share due to the rising number of high-net-worth individuals worldwide and the increasing disposable income among the population. Projections from The Business Research Company indicate that the global high-end and luxury car market size is set to increase from approximately US$582.19 billion in 2023 to approximately US$632.8 billion in 2024 and further to approximately US$850.93 billion by 2028, with respective CAGR of 8.7% and 7.7%, respectively. This is primarily driven by the expanding affluent consumer base and evolving lifestyles. In particular, the rise of emerging markets has spurred demand for luxury goods, consequently supporting market growth.

Among the major global economies, China is poised to become the fastest-growing market for luxury vehicles (manufacturer's suggested retail price ranging from US$80,000 to US$299,000) and ultra-luxury vehicles (manufacturer's suggested retail price exceeding US$300,000) by 2031, with an anticipated CAGR of approximately 13%, as reported by Oliver Wyman, a leading international management consulting firm. By this time, China is expected to command a market volume share of approximately 30-35% globally.

Insights from another market research provider, the Gasgoo Research Institute, revealed that luxury car brands experienced a remarkable sales growth of approximately 24.5% year-on-year, reaching 4.39 million units sold in China in 2023, driven by increased consumer spending and upgrades. Industry data indicated that the average selling price of luxury vehicles had climbed to RMB631,000 in May 2024, significantly surpassing mass-market automotive consumption rates.

Forecasts suggest that the sales scale of China's luxury car industry will continue to expand from 2024 to 2026, reaching sales value of approximately RMB1.18 trillion in 2024, of approximately RMB1.25 trillion in 2025, and of approximately RMB1.32 trillion in 2026, respectively, highlighting the notable value proposition of the ultra-luxury car segment. Key drivers propelling this growth includes the rising wealth and purchasing power of the Chinese middle class, a growing preference for premium and technologically advanced vehicles, and the strong brand appeal of luxury automotive marques among Chinese consumers.

New Energy Vehicles

The popularization of new energy vehicles ("NEV(s)") is an important strategic initiative amid global efforts to promote energy conservation and emission reduction. Achieving the target of two-thirds of vehicles sold being electric by 2035, as per published climate commitments, could reduce daily oil demand by around 12 million barrels.

Global electric vehicles ("EV(s)") sales remained strong in the first quarter of 2024, reaching more than 3 million units and marking a 25% year-on-year increase as compared to the same period last year, according to The International Energy Agency. The majority of the contribution came from China, of which nearly 1.9 million units of EVs were sold, marking an almost 35% increase as compared to the sales recorded in the same period last year. First-quarter EV sales in the US and Europe marked a year-on-year growth of approximately 15% and 5%, respectively.

The sustained increase in demand for EVs in the first half of 2024 can be primarily attributed to China's supportive policies and the availability of high-quality EV supply. The China Association of Automobile Manufacturers ("CAAM") reported that during this period, production and sales of NEVs in China reached 4.929 million units and 4.944 million units, respectively, marking a significant year-on-year increase of 30.1% and 32%, respectively, capturing a market share of approximately 35.2%. NEV sales in 2024 are expected to hit 11.5 million units, maintaining a steady and positive growth trajectory. In a bid to foster industry expansion, various government policies have been introduced. These initiatives include, among others, the Ministry of Finance's allocation of RMB22.93 billion for the initial batch of subsidies aimed at energy conservation and emission reduction for NEVs in April 2024. Additionally, the government has extended the purchase tax exemption and reduction for NEVs until the conclusion of 2027, improved policies surrounding the acquisition and utilization of NEVs, established a high-quality charging infrastructure network, and incentivized the purchase and utilization of NEVs in rural areas. These measures are designed to consistently strengthen and broaden the advancement of the NEV industry.

BUSINESS REVIEW

Apollo Hypercar

Apollo Intensa Emozione, known as the Apollo IE, stands as the Group's flagship top-level hypercar. Being the world's first all-carbon fiber production car, the Apollo IE not only showcases a striking exterior design but also incorporates a robust infrastructure with its distinctive carbon fiber chassis, monocoque cabin, subframe, and crash structures. This design excellence ensures top-notch safety, exceptional torsional rigidity, and lightweight attributes, blending raw power with exquisite aesthetic appeal.

The Apollo IE sets itself apart with an exceptional suspension system, aerodynamic design, braking performance, and powertrain that result in seamless power delivery and significantly enhanced durability. It epitomizes the fusion of speed, cutting-edge technology, and luxury. This hypercar encapsulates the Group's remarkable strides in pushing the limits of automotive engineering and crafting a unique driving experience. Since its introduction, the Apollo IE has garnered high praise from the market and fervent car enthusiasts. During the Period, the Group delivered two Apollo IE hypercars to distinguished clients in Japan and the United States, marking the completion of the delivery of all 10 limited units of Apollo IE hypercars.

Expanding upon the triumph of the widely praised Apollo IE hypercars, the Apollo Project EVO emerges as another eagerly awaited masterpiece that has been successfully crafted, surpassing expectations with its breakthrough design. With an advanced carbon fibre monocoque body structure at its core, the Apollo Project EVO exudes a unique combination of lightweight construction and robust durability, alongside with exceptional handling dynamics. Breaking away from conventional design norms, it showcases a fresh and radical aerodynamic profile that seamlessly blends artistic expression with engineering prowess.

At the heart of its uncompromising performance lies a naturally aspirated V12 engine, propelling the Apollo Project EVO forward with vigor. Complemented by its exquisite exterior that is a harmonious fusion of aggressive styling and refined elegance, this hypercar redefines the standards of luxury and performance in its realm.

With expectation to become available for pre-orders in the upcoming year, this hypercar is positioned to captivate the interest of automotive enthusiasts globally.

Apollo EV

To align with the burgeoning trend of clean mobility, the Group is actively progressing towards the development of a brand-new Apollo EV, a luxury EV that encapsulates the essence of the Apollo brand, targeting customers transitioning from conventional to high-performance electric hypercars while seeking prestige status and top-tier features.

Dedicated to delivering unparalleled value in the luxury EV sphere, the Apollo EV exudes a distinct premium brand identity through its commanding, dynamic design and high-performance specifications. By harnessing cutting-edge EV technology and leveraging advanced engineering prowess from Europe, the Apollo EV seamlessly integrates state-of-the-art electric powertrain systems and lightweight construction to achieve a harmonious blend of energy-efficient power delivery and high-performance capabilities. The holistic offering presented by the Apollo EV is primed to furnish users with an exceptional, immersive driving experience that reshapes the landscape of luxury electric mobility.

Mobility Development and Engineering Services

The Group, operating under its subsidiary GLM Co., Ltd. ("GLM"), remains dedicated to providing an extensive array of mobility development and engineering services. As the inaugural EV manufacturer certified by the Japanese Ministry of Transportation, GLM offers a spectrum of services. These include the development of its own branded EV models, along with offering value-added, mid-tier manufacturing technology platform original equipment manufacturer ("OEM") engineering services to assist other automakers in their endeavours to penetrate the Japanese market.

In light of the rising popularity of pure electric micro-vehicles in Japan, GLM introduced the MiMoS, an entry-level pure electric micro-vehicle, in 2023, with a focus on advancing sustainable mobility. This initiative places the Group at the forefront of automakers venturing into this market. The MiMoS boasts a vibrant and appealing design, accommodating four passengers within its compact frame of less than 3 meters in length. Its ultra-lightweight construction makes it ideal for navigating Japan's narrow roads.

Equipped with a single-motor front-wheel-drive setup, the MiMoS offers a maximum driving range of 131 km and can be fully charged using a 200V household charger in approximately 6 hours. Clearly tailored to meet the specific needs of the Japanese market, the MiMoS has received enthusiastic reception since its debut, establishing itself as a highly sought-after and cost-effective national EV choice in Japan.

During the Period, GLM's holistic automotive engineering services, encompassing vehicle development, testing, and certification for both Chinese and international automakers, coupled with its extensive expertise in EV technology development, robust research and development capabilities, and cutting-edge technologies, have played a crucial role in aiding overseas automakers in adapting and upgrading their models to meet the safety standards of the Japanese automotive industry, facilitating the acquisition of certifications and government subsidies in Japan. This support extends to customizing interior and exterior designs for various automotive projects. Through the provision of professional technical support, GLM ensures that orders from Japanese clients are secured and assists its partners in entering the competitive Japanese automotive market, enabling international automakers to establish a localized presence and thrive in Japan.

Other Corporate Developments

Completion of New Shares Placement

The Group successfully completed two rounds of share placements in January 2024 and May 2024, respectively, issuing a total of 541,783,162 new shares with a total gross proceed of approximately HK$254.0 million, which was intended to be used to repay the Group's debts, to support the ongoing research and development of top-tier hypercars and EVs and as general working capital, thereby fostering future business growth.

The new share placements underscore the long-term support of the existing shareholders and demonstrate the confidence placed by independent third-party strategic investors in the Group. Following the completion of the share placements, the Company's shareholding structure has been optimized, infusing fresh vitality and instilling confidence into the Company's long-term trajectory.

Disposal of Divergent

On 26 July 2024, the Group entered into a sale and purchase agreement to dispose of the preferred shares of Divergent Technologies Inc. ("Divergent") owned by the Group, representing approximately 12.87% of the issued shares of Divergent, for a total consideration of US$101,533,292.15 (equivalent to approximately HK$793.0 million). It is anticipated that the Company will receive net proceeds of approximately HK$790.0 million from the disposal. Out of such net proceeds, approximately HK$711.0 million will be allocated for research and development of hypercars and EVs, while the remaining HK$79.0 million will be designated for general working capital.

The disposal signifies an opportunity for the Company to exit from the investment in Divergent, allowing the Group to reallocate its resources and concentrate on pursuing other promising business opportunities with higher potential.

PROSPECTS

The hypercar market has been experiencing a global surge. Projections from the leading research firm, Nova One Advisor, suggest that the global hypercar market size is expected to reach approximately US$323.8 billion by 2033, with a CAGR of 32.5% from 2024 to 2033, highlighting a promising market with substantial room for expansion. In light of this trend, the Group remains steadfastly committed to leveraging this market momentum to deliver the hypercars envisioned by our target clientele.

Apollo hypercars are top-notch vehicles that epitomize status, individual taste, and the pursuit of unparalleled speed and driving experiences. Over the years, the Group has garnered notable market recognition and the trust of ultra-high-net-worth clients and car aficionados worldwide, solidifying its position as a leading and innovative force among global hypercar manufacturers. Upholding the trust of its customers and the esteemed Apollo brand reputation, the Group will continue to emphasize design, development, and engineering capabilities, ensuring its distinct presence and pioneering advancements in the top-tier hypercar industry.

Efforts are underway within the Group to meticulously refine and enhance the highly anticipated Apollo Project EVO, which is poised to set a new benchmark for a new generation of collectible internal combustion engine hypercars. With features such as active aerodynamics, carbon-fiber bodywork, cutting-edge automotive technologies, numerous optimizations, upgrades, intelligent features, and a visually appealing exterior design that harmoniously blends technology with artistry, the Apollo Project EVO is positioned for significant impact. Building on the success of the Apollo IE, the Group anticipates a positive market response from global hypercar enthusiasts and collectors when the new generation hypercar becomes available for orders in the upcoming year.

To amplify market excitement and consumer interest, both the Apollo IE and Apollo Project EVO are slated to participate in various prestigious international events in the latter half of 2024. These appearances will showcase their extraordinary track performance and striking exterior designs, aiming to captivate enthusiasts, collectors, professional racing drivers, and potential clients with a firsthand and immersive experience of Apollo's latest and upcoming products.

The increasing global focus on climate change has presented promising opportunities for the automotive industry. As nations strive to achieve carbon neutrality and advance energy conservation and emission reduction goals, there is a notable shift towards more environmentally friendly mobility solutions, leading to a heightened demand for EVs. According to the International Energy Agency, global EV sales are projected to exhibit strong growth throughout 2024, with expectations to reach approximately 17 million units by the year-end, constituting over one-fifth of global vehicle sales. With this anticipated expansion, and provided that energy and climate commitments are met in a timely manner, it is forecasted that EVs will make up two-thirds of all new cars sold by 2035.

Capitalizing on the surging demand for EVs, the Group's strategy in the realm of luxury and sustainable mobility places significant emphasis on the development of luxury EVs. Infused with the genes and the distinctive traits of the Apollo brand, the Group's luxury EVs are designed to embody lightweight construction, high-performance, visually striking aesthetics, advanced technology, and extended range capabilities. Backed by exceptional innovative design and state-of-the-art features, the Group holds a strong belief that Apollo's luxury EVs will resonate with expanding consumer segments valuing environmental sustainability alongside a desire for prestigious status and high performance experience.

Concurrently, the Group will persist in delivering comprehensive mobility development and engineering services through GLM, assisting clients in refining imported vehicles to comply with Japanese safety standards, ensuring premium quality and design standards, thereby effectively establishing a foothold in the Japanese market. The MiMoS, an entry-level pure electric micro-vehicle developed by GLM, has garnered a promising sales trajectory, emerging as a favored choice for daily commuting nationwide in Japan. The Group will continue to reinforce its cutting-edge engineering solutions and further expand its presence in the Japan market. Through ongoing innovation and service excellence, the Group aims to broaden its engagement with key automotive partners and venture into new market territories.

In the journey ahead, the Group will steadfastly advance its quest for excellence and innovation, actively working on crafting groundbreaking hypercars and luxury EVs that boast unparalleled performance and driving experience. Leveraging its profound expertise in automotive design and technological advancements, the Group is well-equipped to capitalize on the market opportunities and reinforce its leadership role in the industry by creating iconic vehicles that ignite inspiration and excitement, thereby reshaping the landscape of luxury mobility.

FINANCIAL REVIEW

For the six months ended 30 June 2024, the revenue of the Group remained relatively stable at approximately HK$126.2 million as compared to approximately HK$127.6 million in the last interim period. The revenue for the six months ended 30 June 2024 comprised revenue from mobility services segment of approximately HK$37.5 million (six months ended 30 June 2023: HK$3.6 million), sales of jewellery products, watches and other commodities of approximately HK$84.9 million (six months ended 30 June 2023: HK$103.2 million), and interest income from loan financing of approximately HK$3.9 million (six months ended 30 June 2023: HK$20.7 million). During the Period, revenue from mobility services segment increased mainly due to the delivery of the remaining two Apollo IE hypercars to distinguished clients in Japan and the United States (six months ended 30 June 2023: Nil). Sales of jewellery products, watches and other commodities decreased during the Period mainly due to the negative consumer sentiment in the PRC market. Interest income from loan financing decreased during the Period mainly due to the disposal of a subsidiary, which was principally engaged in the money lending business, in July 2023.

The Group's gross profit amounted to approximately HK$12.3 million for the Period as compared to approximately HK$21.8 million for the last interim period. The gross profit margin decreased to approximately 9.8% for the Period (six months ended 30 June 2023: 17.1%) mainly due to the decrease in interest income from loan financing which contributed to a high gross profit margin.

General and administrative expenses decreased by approximately 32.4% to approximately HK$56.8 million for the Period (six months ended 30 June 2023: HK$84.0 million) mainly due to (i) the disposal of certain subsidiaries of the Group last year, of which their financial results were reflected in the Group's financial statements in the last interim period up to the respective disposal dates; and (ii) the cost-cutting measures adopted by the Group during the Period.

Other gains/losses, net during the Period mainly comprised: (i) the fair value losses of approximately HK$189.8 million (six months ended 30 June 2023: fair value gains of HK$35.9 million) on financial assets at fair value through profit or loss, which was mainly due to the fair value losses on the investment in Divergent; (ii) impairment of loans receivable, net of approximately HK$2.2 million (six months ended 30 June 2023: HK$30.7 million) and impairment of other receivables, net of approximately HK$77.4 million (six months ended 30 June 2023: HK$0.1 million) mainly due to the increasing competitive business landscape and challenging external environment; and (iii) fair value gains on convertible bonds of approximately HK$1.8 million (six months ended 30 June 2023: HK$17.0 million) in respect of the convertible bonds which were fully repaid during the Period.

Overall, the loss attributable to owners of the Company for the Period was approximately HK$343.2 million (six months ended 30 June 2023: HK$77.4 million) due to the reasons as explained above.

Significant Investments Held

Investment in EV Power

EV Power Holdings Limited ("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 7,500 charging sites and over 38,000 charging piles (or 72,000 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, thereby completing the full value chain of mobility.

Investment in Divergent

Divergent is a company based in the United States of America which uses three-dimensional ("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 reduces 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 original equipment manufacturers (OEMs).

Subsequent to the Period, the Group entered into a sale and purchase agreement to conditionally dispose of its entire interest in Divergent. Further details are set out in the section headed "Event After the Reporting Period".

Liquidity, Financial Resources and Gearing

As at 30 June 2024, the cash and cash equivalents of the Group amounted to approximately HK$200.7 million (31 December 2023: HK$64.3 million), which were mainly denominated in HK$, Renminbi ("RMB"), Euro and Japanese Yen.

The total current assets and total current liabilities of the Group as at 30 June 2024 were approximately HK$873.2 million and HK$538.1 million, respectively (31 December 2023: total current assets of HK$719.3 million and total current liabilities of HK$524.8 million). The Group's net current assets as at 30 June 2024 comprised of inventories of approximately HK$88.8 million (31 December 2023: HK$75.9 million), accounts receivable, prepayments, deposits and other receivables of approximately HK$453.8 million (31 December 2023: HK$453.5 million) and loans receivable of approximately HK$129.8 million (31 December 2023: HK$125.6 million).

The Group's inventory turnover, accounts receivable turnover and accounts payable turnover periods were 132 days, 6 days and 193 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. As at 30 June 2024, equity attributable to owners of the Company amounted to approximately HK$3,199.6 million (31 December 2023: HK$3,363.2 million).

The Group's total interest-bearing bank borrowings as at 30 June 2024 amounted to approximately HK$17.4 million (31 December 2023: HK$37.8 million), which were mainly denominated in HK$, RMB and Japanese Yen. The interest-bearing bank borrowings were mainly used for general working capital purpose and all of which are at commercial lending interest rates. As at 31 December 2023, convertible bonds amounted to approximately HK$121.2 million (30 June 2024: Nil) which were fully repaid during the Period.

The Group monitors capital on the basis of the gearing ratio. As at 30 June 2024, the gearing ratio was approximately 0.5% (31 December 2023: 1.1%). This ratio is calculated as total interest-bearing bank borrowings divided by total equity.

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 ratio. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Company will balance its overall capital structure through the payment of dividends and new share issues as it sees fit and appropriate.

During the six months ended 30 June 2024, the Group had not entered into any contract to hedge its financial interests.

Foreign Exchange Exposure

The Group's sales and purchases during the six months ended 30 June 2024 were mostly denominated in HK$, EUR, Japanese Yen, RMB and United States dollars. The Group was exposed to certain foreign currency exchange risks, but it does not anticipate future currency exchange rate 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

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

Event After the Reporting Period

On 26 July 2024, the Company and its direct wholly-owned subsidiary, Global 3D Printing Co Ltd (collectively, the "Vendors"), Lateralus Holdings IV, LLC (the "Purchaser") and Divergent entered into a sale and purchase agreement, pursuant to which each of the Vendors have conditionally agreed to dispose of, and the Purchaser has conditionally agreed to acquire, an aggregate of 4,931,588 preferred shares of Divergent, representing an aggregate of approximately 12.87% of the issued shares of Divergent at the consideration of US$101,533,292.15 (equivalent to approximately HK$793.0 million) (the "Divergent Disposal"). The unlisted investment interest in Divergent had been accounted for as financial assets at fair value through profit or loss of the Company.

The Divergent Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and is therefore subject to the notification, announcement and shareholders' approval requirements. Further details in relation to the Divergent Disposal are set out in the announcement and circular of the Company dated 7 August 2024 and 21 August 2024, respectively.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, there was no specific plan for material investments or capital assets as at 30 June 2024.

EMPLOYEES AND EMPLOYMENT POLICIES

As at 30 June 2024, the Group had 42 employees (31 December 2023: 42). The related employees' costs for the Period (including directors' remuneration and equity-settled share option expense) amounted to approximately HK$22.7 million (six months ended 30 June 2023: HK$41.3 million). In addition to the basic salary, employees are also entitled to other benefits including social insurance contributions, employee provident fund schemes and share option scheme of the Company. The remuneration of employees was in line with market trend and with reference to the market rate and the performance of individual employees, which are regularly reviewed each year.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during the six months ended 30 June 2024.

CORPORATE GOVERNANCE

During the six months ended 30 June 2024, the Company has complied with the applicable code provisions set out in the Corporate Governance Code (the "Code") as stated in Part 2 of Appendix C1 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code (the "Model Code") as set out in Appendix C3 to 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 six months ended 30 June 2024.

AUDIT COMMITTEE

The Company has established 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 the following members:

Ms. Hau Yan Hannah Lee *(Chairperson)*
Mr. Peter Edward Jackson
Mr. Charles Matthew Pecot III

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 six months ended 30 June 2024 and this announcement.

INTERIM DIVIDEND

The Board did not declare any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

APPRECIATION

On behalf of the Board, I would like to express our appreciation to all our management and staff members for their ongoing contribution and hard work. We would also like to thank our shareholders for their continuing support.

On behalf of the Board
Apollo Future Mobility Group Limited
Hui Chun Ying
Chairman and Executive Director

Hong Kong, 30 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.