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apollo

APOLLO FUTURE MOBILITY GROUP LIMITED

力世紀有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 860)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF A SUBSIDIARY**

THE AGREEMENT

The Board hereby announces that on 30 March 2021 (after trading hours), the Seller (a direct wholly-owned subsidiary of the Company) entered into the Agreement with the Buyer, pursuant to which the Seller has conditionally agreed to sell, and the Buyer has conditionally agreed to acquire, the Sale Shares representing the entire issued share capital of the Target Company, for a total Consideration of HK\$200,000,000.

As at the date of this announcement, the Target Company is indirectly wholly-owned by the Company. Upon Completion, the Company will cease to hold any interest in the Target Group and accordingly, the Target Group will cease to be subsidiaries of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board hereby announces that on 30 March 2021 (after trading hours), the Seller (a direct wholly-owned subsidiary of the Company) entered into the Agreement with the Buyer, pursuant to which the Seller has conditionally agreed to sell, and the Buyer has conditionally agreed to acquire, the Sale Shares representing the entire issued share capital of the Target Company, for a total Consideration of HK\$200,000,000.

As at the date of this announcement, the Target Company is indirectly wholly-owned by the Company. Upon Completion, the Company will cease to hold any interest in the Target Group and accordingly, the Target Group will cease to be subsidiaries of the Company.

A summary of the principal terms of the Agreement is set out as follows:

THE AGREEMENT

Date

30 March 2021 (after trading hours)

Parties

- (1) Ming Fung Investment Holdings Limited, as the Seller
- (2) New Viewpoints Investment Limited, as the Buyer

Assets to be disposed of

Pursuant to the Agreement, the Seller has conditionally agreed to sell, and the Buyer has conditionally agreed to acquire, the Sale Shares representing the entire issued share capital of the Target Company.

The Target Company is a company incorporated in the BVI with limited liability and is indirectly wholly-owned by the Company. Further details of the Target Group are set out in the section headed “Information on the Target Group” below.

Consideration

The aggregate Consideration for the sale and purchase of the Sale Shares is HK\$200,000,000, comprising:

- (1) the Deposit in the amount of HK\$20,000,000 to be paid in cash by the Buyer to the Seller within ten Business Days after the signing of the Agreement (or such other date as may be agreed in writing by the Seller and the Buyer), which is not refundable to the Buyer unless the parties to the Agreement do not proceed to Completion for any reason attributable to the Seller; and
- (2) the balance in the amount of HK\$180,000,000 to be paid in cash by the Buyer to the Seller upon Completion.

The Consideration was determined after arm's length negotiation between the Seller and the Buyer having taken into account, among other things, (i) the unaudited consolidated net asset value of the Target Company based on its latest management accounts, (ii) the business development, future prospects and profitability of the property investment business of the Target Group, in particular after the recent expropriation of certain investment properties in Shenyang, PRC by the local government, and (iii) the business strategies and asset allocation preference of the Group.

Conditions Precedent

Completion of the Agreement is subject to and conditional upon the fulfilment (or, where applicable, waiver) of the following conditions:

- (1) the Buyer being satisfied with the results of the due diligence exercise on each of the members of the Target Group;
- (2) the transactions and the performance of the Seller's obligations under the Agreement being in compliance with the Listing Rules and all other applicable laws and regulations;
- (3) all other necessary consents and approvals required to be obtained on the part of the Seller and/or the Target Group in respect of the Agreement and the transactions contemplated thereunder having been obtained and such consents and approvals not having been revoked;
- (4) the Seller not having breached any of the warranties given by it under the Agreement; and

(5) the Buyer not having breached any of the warranties given by it under the Agreement.

If any of the above conditions precedent is not satisfied (or otherwise waived) by the Long Stop Date, the Agreement shall terminate and cease to have effect on the Long Stop Date save for antecedent breaches.

Completion

Subject to the fulfilment (or, where applicable, waiver) of the conditions precedent, Completion shall take place on the third Business Day after fulfilment (or waiver) of all the conditions precedent or such other date as the Seller and the Buyer may agree in writing.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As disclosed in the Annual Report 2020, the Group expects to continue scaling down its legacy businesses including (among others) property investment and to focus its resources on the Group's mobility technology solutions businesses with more promising prospects.

The Group mainly operates its property investment business through the Target Group. As disclosed in the Annual Report 2020, during the financial year ended 30 September 2020, certain investment properties located in Shenyang, PRC and owned by the Target Group were expropriated by the local government in exchange for a cash compensation. As a result, the Group's rental income from investment properties significantly decreased.

The Directors believe that the Disposal will enable the Group to avoid risks of uncertainty in its operations in the property market and the Group could focus its capital and management resources on further developing the Group's more promising mobility technology solutions businesses. The Disposal represents an opportunity for the Group to realise its investment in the Target Group and allows the Group to streamline its business with a view to unlocking further growth potential to the Group and bringing higher returns to the Shareholders.

The Directors are of the view that the terms of the Agreement are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

Subject to audit, it is expected that the Company will record a net gain of approximately HK\$937,000 arising from the Disposal, being the difference between the amount of the Consideration and the unaudited consolidated net carrying value of the Target Company.

The Company intends to use the sale proceeds from the Disposal to further develop the Group's mobility technology solutions businesses and for the general working capital of the Group.

INFORMATION ON THE GROUP AND THE SELLER

The Company is principally engaged in investment holding and the principal activities of its subsidiaries are provision of mobility technology solutions, retailing and wholesale of jewellery products and watches, money lending and property investment.

The Seller is principally engaged in investment holding, and is a direct wholly-owned subsidiary of the Company.

INFORMATION ON THE BUYER

Based on information available to the Company, the Buyer is principally engaged in investment holding, and its ultimate beneficial owner is Ms. Tong Youxia.

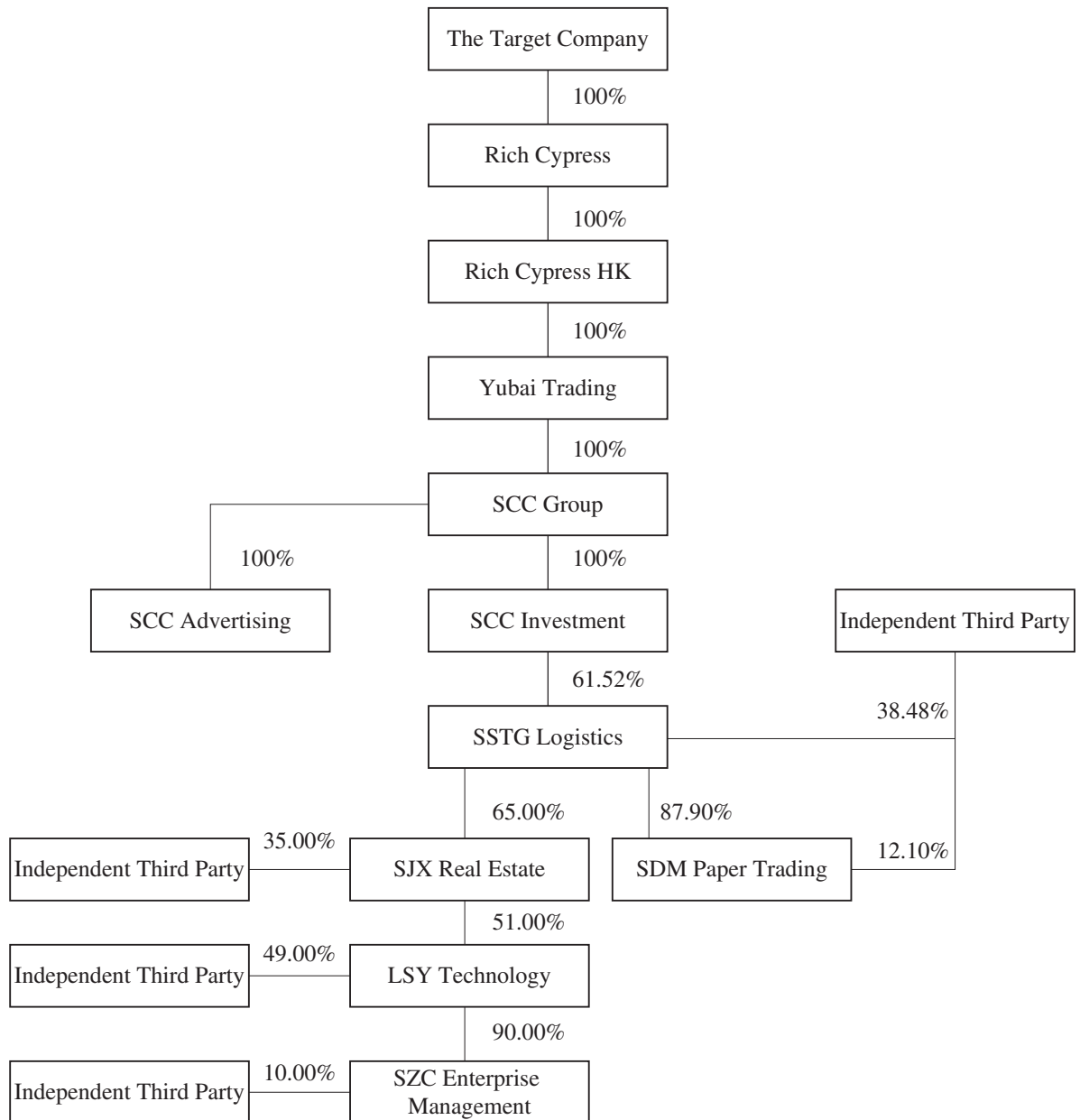
To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Buyer and its ultimate beneficial owner are Independent Third Parties.

INFORMATION ON THE TARGET GROUP

The Target Company is directly wholly-owned by the Seller as at the date of this announcement. The Target Group is principally engaged in property investment.

Group structure

The group structure of the Target Group as at the date of this announcement is set out below:



Financial information

Based on the unaudited consolidated financial statements of the Target Company for each of the two financial years ended 30 September 2019 and 30 September 2020 prepared in accordance with generally accepted accounting principles in Hong Kong, the unaudited consolidated net profit/loss before and after taxation of the Target Company for such financial years are set out as follows:

	For the financial year ended 30 September	
	2019 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Net profit/(loss) before taxation	(287,392)	277,241
Net profit/(loss) after taxation	(269,162)	(12,687)

As at 30 September 2020, the unaudited consolidated net asset value of the Target Company was approximately HK\$199,063,000.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The completion of the Disposal is conditional upon the fulfilment or waiver of certain conditions precedent to Completion. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the meanings set out below:

“Agreement”	the sale and purchase agreement dated 30 March 2021 and entered into between the Seller and the Buyer in relation to the Disposal
“Annual Report 2020”	the annual report of the Company for the financial year ended 30 September 2020
“Board”	the board of Directors
“Business Day”	a day other than a Saturday, Sunday or public holiday in Hong Kong on which banks in Hong Kong are generally open for business
“Buyer”	New Viewpoints Investment Limited (展域投資有限公司), a company incorporated in Hong Kong with limited liability
“BVI”	the British Virgin Islands
“Company”	Apollo Future Mobility Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 860)
“Completion”	the completion of the sale and purchase of the Sale Shares in accordance with the provisions of the Agreement
“connected person(s)”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“Consideration”	the aggregate consideration in the amount of HK\$200,000,000 to be paid in cash by the Buyer to the Seller for the Disposal
“Deposit”	the deposit in the amount of HK\$20,000,000 to be paid in cash by the Buyer to the Seller as part of the Consideration
“Directors”	the directors of the Company

“Disposal”	the disposal of the Sale Shares by the Seller to the Buyer pursuant to the Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2021 or such other date as may be agreed in writing by the Seller and the Buyer
“LSY Technology”	Liaoning Suiyou Technology Company Limited* (遼寧穗酉科技有限公司), a company established in the PRC with limited liability and directly owned as to 51.00% by SJX Real Estate and 49.00% by an Independent Third Party, which is principally engaged in investment holding
“PRC”	the People’s Republic of China
“Rich Cypress”	Rich Cypress Limited (裕栢有限公司), a company incorporated in the BVI with limited liability and directly wholly-owned by the Target Company, which is principally engaged in investment holding
“Rich Cypress HK”	Rich Cypress (Hong Kong) Limited (香港裕栢有限公司), a company incorporated in Hong Kong with limited liability and directly wholly-owned by Rich Cypress, which is principally engaged in investment holding
“Sale Shares”	the 1,000 ordinary shares of the Target Company, representing the entire issued share capital of the Target Company as at the date of this announcement

“SCC Advertising”	Shenyang Commercial City Advertising Company Limited* (瀋陽商業城廣告有限公司), a company established in the PRC with limited liability and directly wholly-owned by SCC Group, which is dormant
“SCC Group”	Shenyang Commercial City (Group) Co., Ltd.* (瀋陽商業城(集團)有限公司), a company established in the PRC with limited liability and directly wholly-owned by Yubai Trading, which is principally engaged in property investment and holds the land parcel and various buildings which are vacant and erected thereon located at No. 6 Gou, Xiuhu North Bank, Qipanshan Development Zone, Shenyang, Liaoning Province, PRC* (中國遼寧省瀋陽市棋盤山開發區秀湖北岸6號溝)
“SCC Investment”	Shenyang Commercial City Group Investment Company Limited* (瀋陽商業城集團投資有限公司), a company established in the PRC with limited liability and directly wholly-owned by SCC Group, which is principally engaged in investment holding
“SDM Paper Trading”	Shenyang Dongmao Paper Trading Centre Co., Ltd.* (瀋陽東貿紙品交易中心有限公司), a company established in the PRC with limited liability and directly owned as to approximately 87.90% by SSTG Logistics and approximately 12.10% by an Independent Third Party, which is principally engaged in property investment
“Seller”	Ming Fung Investment Holdings Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company
“Shareholders”	the holders of the Shares
“Shares”	the ordinary shares of HK\$0.10 each in the share capital of the Company

“SJX Real Estate”	Shenyang Jinxin Real Estate Development Company Limited* (瀋陽錦鑫房地產開發有限公司), a company established in the PRC with limited liability and directly owned as to 65.00% by SSTG Logistics and 35.00% by an Independent Third Party, which is principally engaged in property development and property management and services
“SSTG Logistics”	Shenyang Storage and Transportation Group Logistic Co., Ltd.* (瀋陽儲運集團物流配送有限公司), a company established in the PRC with limited liability and directly owned as to approximately 61.52% by SCC Investment and approximately 38.48% by an Independent Third Party, which is principally engaged in property investment
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SZC Enterprise Management”	Shenyang Zhongcheng Enterprise Management Company Limited* (瀋陽中誠企業管理有限公司), a company established in the PRC with limited liability and directly owned as to 90.00% by LSY Technology and 10.00% by an Independent Third Party, which is principally engaged in the provision of property management services
“Target Company”	Marvel Bloom Limited (奇昌有限公司), a company incorporated in the BVI with limited liability and directly wholly-owned by the Seller prior to Completion, which is principally engaged in investment holding
“Target Group”	the Target Company and its subsidiaries, further details of which are set out in the section headed “Information on the Target Group” in this announcement

“Yubai Trading” Yubai Trading (Shenzhen) Company Limited* (裕栢貿易(深圳)有限公司), a company established in the PRC with limited liability and directly wholly-owned by Rich Cypress HK, which is principally engaged in investment holding

“%” per cent

* *For identification purpose only*

By order of the Board
Apollo Future Mobility Group Limited
Ho King Fung, Eric
Chairman

Hong Kong, 30 March 2021

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Ho King Fung, Eric (Chairman) and Mr. Sung Kin Man; and four independent non-executive Directors, namely Mr. Tam Ping Kuen, Daniel, Mr. Teoh Chun Ming, Mr. Peter Edward Jackson and Mr. Charles Matthew Pecot III.