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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 SINOFORCE GROUP LIMITED**

THE AGREEMENT

The Board is pleased to announce that on 24 May 2022 (after trading hours), the Seller (a 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 cash Consideration of HK\$50,000,000.

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

LISTING RULES IMPLICATIONS

As the one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and therefore the Company is subject to reporting and announcement requirements but is exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 24 May 2022 (after trading hours), the Seller (a 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 cash Consideration of HK\$50,000,000.

The principal terms of the Agreement are summarised as follows:

THE AGREEMENT

Date

24 May 2022 (after trading hours)

Parties

Buyer: State Energy Group International Assets Holdings Limited (國能集團國際資產控股有限公司)

Seller: Ming Fung Investment Holdings Limited (明豐投資控股有限公司)

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Buyer and its respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Assets to be disposed

Pursuant to the Agreement, the Seller has conditionally agreed to sell, and the Buyer has conditionally agreed to acquire the Sale Shares.

The Target Company is a company incorporated in the BVI with limited liability and is an indirect wholly-owned by the Company prior to the Completion. Please refer to the section headed “Information on the Group and the Target Company” in this announcement below for details of the Target Company.

Consideration

The total Consideration for the sale and purchase of the Sale Shares is HK\$50,000,000, and shall be satisfied by the Buyer in the following manner:

- (a) upon signing of the Agreement, a sum of HK\$5,000,000, being the Initial Deposit (which shall become part payment of the Consideration at Completion) shall be paid in cash by the Buyer to the Seller or the Seller’s nominees; and
- (b) upon Completion, a sum of HK\$45,000,000, being the remaining balance of the Consideration, shall be paid in cash by the Buyer to the Seller or Seller’s nominees.

The Consideration is determined based on arm’s length negotiations between the parties to the Agreement with reference to, among other things: (a) the net carrying value of the Target Group based on its management accounts as at 31 March 2022 of approximately HK\$49.4 million; (b) the business development and future prospects of the business of wholesale of watches in Hong Kong, PRC and Taiwan; (c) the uncertain profitability of the Target Company; and (d) the business strategies and asset allocation preference of the Seller and the Buyer.

Conditions Precedent

Completion of the Agreement is subject to and conditional upon the following Conditions Precedent being satisfied or (in respect of paragraphs (iii) and (iv) only) waived (whether in full or in part, and with or without conditions) by the Buyer:

- (i) the Buyer is satisfied with the results of the due diligence review on the financial, legal and business of the Target Group;
- (ii) the transactions contemplated under the Agreement and the performance of the Seller’s and Buyer’s obligations under the Agreement in compliance with the Listing Rules and all other applicable laws and regulations;

- (iii) all other necessary consents and approvals required to be obtained on the part of the Seller, the Buyer and/or the Target Company in respect of the Agreement and the transactions contemplated thereunder having been obtained and such consents and approvals not having been revoked; and
- (iv) the warranties given by the Seller under the Agreement (other than the warranty on legal and beneficial ownership over the Sale Shares) are true and correct in all material respects upon Completion, as if it is repeated at all times from the date of the Agreement to the Completion and the warranty given by the Seller in relation to the legal and beneficial ownership over the Sale Shares are true, correct in all respects upon Completion, as if it is repeated at all times from the date of the Agreement to the Completion.

If all of the Conditions Precedent are not satisfied or otherwise waived by the Buyer on or before the Long Stop Date, the Agreement shall terminate and cease to have effect on the Long Stop Date except for certain provisions referred to in the Agreement in relation to definitions, costs and expenses, notices and governing law and any rights, remedies, obligations or liabilities of the parties to the Agreement that have accrued up to the date of termination, including the right to claim damages in respect of any antecedent breach.

On termination of the Agreement, the Seller shall refund the Initial Deposit in full without interests to the Buyer within three Business Days after the Long Stop Date.

Completion

Subject to the fulfilment (or, where applicable, waiver) of the Conditions Precedent, Completion shall take place on the Completion Date.

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

REASONS FOR AND BENEFITS OF THE DISPOSAL

As disclosed in the annual report of the Company for the year ended 30 September 2021, the Group has reinforced its position in the market as one of the leading mobility technology solutions providers and persisted in developing its proprietary future mobility technologies. The Group continues to ride on the smart EVs adoption trend across the globe and strives in becoming one of the leaders in the mobility industry. As such, the Group plans to continue gradually phasing out its legacy businesses including retailing and wholesale of jewellery

products, watches and other commodities as part of its rebranding exercise and to avoid risks of uncertainty in the operation and profitability of the Target Group.

The Directors believe and consider that the Disposal can (i) optimise the operation management of the Group; and (ii) enable the Group to focus its capital and management resources on further developing the Group's more promising mobility businesses. The Disposal presents an opportunity for the Group to realise its investment in the Target Group at a reasonable price and allow the Group to streamline its business direction with the objective to utilise the strong momentum in the smart EV industry, enhance the growth potential of the Group and maximise returns to the Shareholders.

Having considered the above, the Directors are of the view that the Disposal is in the interests of the Group, and the terms of the Agreement fair and reasonable and in the interests of 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 on disposal of approximately HK\$638,000 arising from the Disposal, being the difference between the amount of Consideration and the net carrying value of approximately HK\$49.4 million of the Target Company as at 31 March 2022.

The Company intends to use the proceeds from the Disposal in further development of its design, development, manufacturing and sales of high performance hypercars and luxury smart EVs, provision of mobility technology solutions businesses, and as general working capital of the Group.

INFORMATION ON THE GROUP AND THE TARGET COMPANY

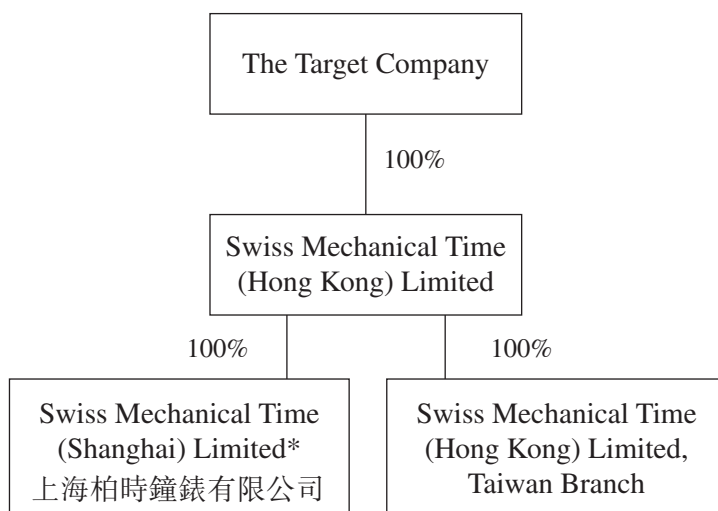
The Company is principally engaged in investment holding and the principal activities of its subsidiaries are (i) designing, developing, manufacturing and sales of high performance hypercars and luxury smart EVs and provision of mobility technology solutions; (ii) retailing and wholesale of jewellery products, watches and other commodities; and (iii) money lending.

The Target Company is a company incorporated in the BVI with limited liability and is principally engaged in investment holding.

INFORMATION OF THE TARGET GROUP

The Target Group is principally engaged in wholesale of watches in Hong Kong, PRC and Taiwan.

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



Set out below are certain unaudited financial information of the Target Company (prepared in accordance with Hong Kong Financial Reporting Standards) for each of the two financial years ended 31 December 2020 and 31 December 2021.

	Year ended 31 December 2020 HK\$	Year ended 31 December 2021 HK\$
Net loss before taxation and extraordinary items	16,849,315	25,225,284
Net loss after taxation and extraordinary items	17,048,361	25,226,719

As at 31 March 2022, the unaudited net asset value of the Target Group (prepared in accordance with Hong Kong Financial Reporting Standards) was approximately HK\$49.4 million.

* *for identification purposes only*

INFORMATION OF THE BUYER

The Buyer is a company incorporated in the Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 918). To the best knowledge of the Directors, the Buyer and its subsidiaries are principally engaged in sourcing, subcontracting, marketing and selling of garments and sportswear products, property investment and the provision of marketing services.

THE LISTING RULES IMPLICATIONS

As the one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and therefore the Company is subject to reporting and announcement requirements but is exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

Shareholders and potential investors should note that completion of the Disposal is subject to the satisfaction of various Conditions Precedent and therefore there is no assurance that the Disposal will be implemented as contemplated or at all. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Agreement”	the conditional sale and purchase agreement dated 24 May 2022 and entered into by the Seller and the Buyer in respect of the Disposal
“Board”	the board of Directors
“Business Day(s)”	a day other than a Saturday, Sunday or public holiday in Hong Kong when banks in Hong Kong are generally open for business and on which no typhoon signal no. 8 or above or the black rainstorm signal is hoisted in Hong Kong at any time after 9:00 a.m.

“Buyer”	State Energy Group International Assets Holdings Limited (國能集團國際資產控股有限公司), a company with limited liability incorporated in Bermuda, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 918)
“BVI”	the British Virgin Islands
“Company”	Apollo Future Mobility Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 860)
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms of the Agreement
“Completion Date”	being the fifth Business Day after fulfilment or waiver of all the Conditions Precedent or such other date as the Seller and the Buyer may mutually agree in writing
“Condition(s) Precedent”	conditions precedent to Completion as set out in the Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration in the amount of HK\$50,000,000 to be paid in cash by the Buyer to the Seller for the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Seller to the Buyer pursuant to the Agreement
“EV(s)”	electric vehicles

“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
“Initial Deposit”	as part of the Consideration, the initial deposit to be paid by the Buyer to the Seller, being the sum of HK\$5,000,000
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 November 2022 or such other date the Seller and the Buyer may agree in writing
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Sale Shares”	10,000 fully-paid up shares of the Target Company, representing the entire issued share capital of the Target Company
“Seller”	Ming Fung Investment Holdings Limited (明豐投資控股有限公司), a company with limited liability incorporated under the laws of BVI and a wholly-owned subsidiary of the Company
“Share(s)”	share(s) of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Sinoforce Group Limited, a company incorporated in the BVI with limited liability and is an indirect wholly-owned by the Company prior to the Completion

“Target Group” the Target Company and its subsidiaries

“%” per cent.

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

Hong Kong, 24 May 2022

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