apollo

APOLLO FUTURE MOBILITY GROUP LIMITED

力世紀有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 860)**

# ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2020

The board (the "Board") of directors (the "Directors") of Apollo Future Mobility Group Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 September 2020 (the "Year"), together with the comparative figures for the year ended 30 September 2019, as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**
*Year ended 30 September 2020*

| | Notes | 2020<br>HK$'000 | 2019<br>HK$'000 |
|---|---|---|---|
| **REVENUE** | 4 | **357,705** | 536,355 |
| Cost of sales | | **(231,790)** | (393,724) |
| Gross profit | | **125,915** | 142,631 |
| Other income | | **18,812** | 21,156 |
| Other gains (losses), net | | **36,713** | (542,051) |
| Selling and distribution expenses | | **(56,553)** | (43,607) |
| General and administrative expenses | | **(170,649)** | (163,688) |
| Research and development costs | | **(28,643)** | (21,191) |
| Other expenses | | **(149)** | (3,707) |
| Finance costs | | **(8,253)** | (4,039) |
| Share of profits and losses of: | | | |
| Joint venture | | **(6)** | (5,108) |
| Associates | | **4,847** | (5,999) |
| **LOSS BEFORE TAX** | 5 | **(77,966)** | (625,603) |
| Income tax credit/(expense) | 6 | **(281,397)** | 6,274 |
| **LOSS FOR THE YEAR** | | **(359,363)** | (619,329) |
| Attributable to: | | | |
| Owners of the Company | | **(345,177)** | (605,392) |
| Non-controlling interests | | **(14,186)** | (13,937) |
| | | **(359,363)** | (619,329) |
| **LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY** | 8 | | |
| Basic | | **HK(4.81) cents** | HK(9.26) cents |
| Diluted | | **HK(4.81) cents** | HK(9.66) cents |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*Year ended 30 September 2020*

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **LOSS FOR THE YEAR** | **(359,363)** | (619,329) |
| **OTHER COMPREHENSIVE INCOME/ (LOSS)** | | |
| Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods: | | |
| Exchange differences on translation of foreign operations | **31,382** | 58,852 |
| Reclassification adjustment for a foreign operation disposed of during the year | **(4,269)** | – |
| | **27,113** | 58,852 |
| Share of other comprehensive income/ (loss) of a joint venture and an associate | **1,430** | (797) |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR | **28,543** | 58,055 |
| **TOTAL COMPREHENSIVE LOSS FOR THE YEAR** | **(330,820)** | (561,274) |
| Attributable to: | | |
| Owners of the Company | **(319,444)** | (542,539) |
| Non-controlling interests | **(11,376)** | (18,735) |
| | **(330,820)** | (561,274) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 30 September 2020*

| | Notes | 2020 HK$'000 | 2019 HK$'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | | **102,834** | 138,773 |
| Investment properties | | **63,228** | 358,026 |
| Right-of-use assets | | **73,394** | – |
| Goodwill | | **1,994,520** | 1,363,308 |
| Other intangible assets | | **310,290** | 48,940 |
| Interest in a joint venture | | **381** | 387 |
| Interests in associates | | **25,365** | 19,089 |
| Financial assets at fair value through profit or loss | | **1,028,342** | 1,161,086 |
| Loans receivable | | **26,656** | 225,392 |
| Deferred tax assets | | **5,934** | 3,768 |
| Deposits | | **9,856** | 44,093 |
| Total non-current assets | | **3,640,800** | 3,362,862 |
| **CURRENT ASSETS** | | | |
| Inventories | | **172,662** | 214,842 |
| Accounts receivable | *9* | **17,772** | 32,872 |
| Loans receivable | | **678,055** | 473,778 |
| Prepayments, deposits and other receivables | | **621,183** | 19,380 |
| Financial assets at fair value through profit or loss | | **1,376** | 1,969 |
| Tax recoverable | | **1,481** | – |
| Cash and cash equivalents | | **184,541** | 447,606 |
| Total current assets | | **1,677,070** | 1,190,447 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

*At 30 September 2020*

| | Notes | 2020 HK$'000 | 2019 HK$'000 |
|---|---|---|---|
| **CURRENT LIABILITIES** | | | |
| Accounts payable | 10 | **44,319** | 99,167 |
| Other payables and accruals | | **297,705** | 198,987 |
| Interest-bearing bank and other borrowings | | **147,474** | 104,678 |
| Lease liabilities | | **8,099** | – |
| Tax payable | | **372,278** | 4,536 |
| Total current liabilities | | **869,875** | 407,368 |
| **NET CURRENT ASSETS** | | **807,195** | 783,079 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **4,447,995** | 4,145,941 |
| **NON-CURRENT LIABILITIES** | | | |
| Other payables | | **15,909** | – |
| Interest-bearing bank borrowings | | **19,561** | 21,809 |
| Lease liabilities | | **15,068** | – |
| Contingent consideration payable | | **619,069** | – |
| Deferred tax liabilities | | **44,996** | 80,467 |
| Total non-current liabilities | | **714,603** | 102,276 |
| Net assets | | **3,733,392** | 4,043,665 |
| **EQUITY** | | | |
| **Equity attributable to owners of the Company** | | | |
| Issued capital | | **717,019** | 717,019 |
| Reserves | | **2,890,176** | 3,207,237 |
| | | **3,607,195** | 3,924,256 |
| Non-controlling interests | | **126,197** | 119,409 |
| Total equity | | **3,733,392** | 4,043,665 |

## 1. CORPORATE INFORMATION

Apollo Future Mobility Group Limited (formerly known as WE Solutions Limited) was incorporated in the Cayman Islands as an exempted company with limited liability. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is located at Units 301 and 302, Third Floor, Building 22E, Phase Three, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong.

## 2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through profit or loss and contingent consideration payable which have been measured at fair value. The financial statements are 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 Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

| | |
|---|---|
| Amendments to HKFRS 9 | *Prepayment Features with Negative Compensation* |
| HKFRS 16 | *Leases* |
| Amendments to HKAS 19 | *Plan Amendment, Curtailment or Settlement* |
| Amendments to HKAS 28 | *Long-term Interests in Associates and Joint Ventures* |
| HK(IFRIC)-Int 23 | *Uncertainty over Income Tax Treatments* |
| *Annual Improvements to HKFRSs 2015-2017 Cycle* | Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23 |

Except for the amendments to HKFRS 9 and HKAS 19, and *Annual Improvements to HKFRSs 2015-2017 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised HKFRSs are described below:

(a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. HKFRS 16 did not have any significant impact on leases where the Group is the lessor.

    The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 October 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of accumulated losses at 1 October 2019, and the comparative information for the year ended 30 September 2019 was not restated and continued to be reported under HKAS 17 and related interpretations.

    **New definition of a lease**

    Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 October 2019.

    **As a lessee — Leases previously classified as operating leases**

    *Nature of the effect of adoption of HKFRS 16*

    The Group has lease contracts for retail shops, office premises and directors' quarters. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset).

Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 October 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

*Impact on transition*

Lease liabilities at 1 October 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 October 2019. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 October 2019. All these assets were assessed for any impairment based on HKAS 36 *Impairment of Assets* on that date. The Group elected to present the right-of-use assets separately in the statement of financial position. This includes the leasehold land of HK$53,172,000 that was reclassified from property, plant and equipment.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 October 2019. They continue to be measured at fair value applying HKAS 40 *Investment Properties*.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 October 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics when measuring the lease liabilities at 1 October 2019

***Financial impact at 1 October 2019***

The impact arising from the adoption of HKFRS 16 at 1 October 2019 was as follows:

| | **Increase/ (decrease)** *HK$'000* |
|---|---|
| **Assets** | |
| Increase in right-of-use assets | 76,390 |
| Decrease in property, plant and equipment | (53,172) |
| Increase in total assets | 23,218 |
| **Liabilities** | |
| Increase in lease liabilities | 25,337 |
| Decrease in other payables and accruals | (2,119) |
| Increase in total liabilities | 23,218 |

(b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint venture upon adoption of the amendments on 1 October 2019 and concluded that the long-term interests in associates and joint venture continued to be measured at amortised cost in accordance with HKFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation did not have any impact on the financial position or performance of the Group.

## 4. REVENUE

The Group's revenue is disaggregated as follows:

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Revenue from contracts with customers** | | |
| Sales of jewellery products and watches | **291,931** | 421,065 |
| Sales and distribution of vehicles and provision of engineering services | **3,545** | 4,214 |
| | **295,476** | 425,279 |
| **Revenue from other sources** | | |
| Interest income from loan financing | **45,950** | 79,625 |
| Rental income from investment properties | **16,279** | 31,451 |
| | **62,229** | 111,076 |
| | **357,705** | 536,355 |

## 5. LOSS BEFORE TAX

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

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Cost of inventories sold | **236,897** | 344,319 |
| Write-down/(reversal of write-down) of inventories to net realisable value | **(10,955)** | 40,835 |
| Impairment of goodwill | **29,555** | 199,257 |
| Impairment/(reversal of impairment) of accounts receivable, net | **177** | (2,328) |
| Impairment of loans receivable, net | **29,102** | 257,331 |
| Impairment/(reversal of impairment) of other intangible assets | **27,135** | (14,350) |
| Fair value losses on financial assets at fair value through profit or loss, net | **133,337** | 21,851 |
| Fair value loss on contingent consideration payable | **21,850** | – |
| Fair value losses on investment properties | **26,638** | 71,690 |
| Gain on expropriation of investment properties | **(315,940)** | – |
| Loss on disposal of a subsidiary | **10,204** | 5,555 |

## 6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019. The first HK$2,000,000 (2019: HK$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current: | | |
| Hong Kong | | |
| Charge for the year | **1,724** | 4,132 |
| Overprovision in prior years | **(423)** | – |
| Elsewhere | | |
| Charge for the year | **72,405** | 4,874 |
| Land appreciation tax | **281,209** | – |
| Deferred | **(73,518)** | (15,280) |
| Total tax charge/(credit) for the year | **281,397** | (6,274) |

## 7. DIVIDEND

The board of directors of the Company does not recommend the payment of any dividend in respect of the year (2019: 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 year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 7,170,198,562 (2019: 6,537,558,374) in issue during the year.

The calculation of the diluted loss per share amount for the year ended 30 September 2019 is based on the loss for the year attributable to ordinary equity holders of the Company, adjusted for the effect of dilutive potential ordinary shares arising from adjustment to the share of loss of an associate. The weighted average number of ordinary shares used in the calculation of the diluted loss per share amount for the year ended 30 September 2019 is the number of ordinary shares in issue during the year, as used in the basic loss per share calculation, as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amount presented.

No adjustment has been made to the basic loss per share amount presented for the year ended 30 September 2020 in respect of a dilution as the impact of the adjustment to the share of profit of an associate and the share options outstanding had an anti-dilutive effect on the basic loss per share amount presented.

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

**Loss**

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Loss attributable to ordinary equity holders of the Company, used in the basic loss per share calculation | **(345,177)** | (605,392) |
| Effect of dilutive potential ordinary shares arising from adjustment to the share of loss of an associate | **–** | (25,829) |
| Loss attributable to ordinary equity holders of the Company, used in the diluted loss per share calculation | **(345,177)** | (631,221) |

**Shares**

| | **Number of shares** | |
|---|---|---|
| | **2020** | 2019 |
| Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation | **7,170,198,562** | 6,537,558,374 |

## 9. ACCOUNTS RECEIVABLE

| | **2020** | 2019 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Accounts receivable | **18,545** | 33,722 |
| Impairment | **(773)** | (850) |
| | **17,772** | 32,872 |

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:

| | 2020 | 2019 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Within 30 days | **13,629** | 27,279 |
| 31 to 60 days | **2,137** | 2,155 |
| 61 to 90 days | **962** | 557 |
| Over 90 days | **1,044** | 2,881 |
| | **17,772** | 32,872 |

## 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:

| | 2020 | 2019 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Within 30 days | **30,768** | 29,349 |
| 31 to 60 days | **–** | 35,667 |
| 61 to 90 days | **149** | 18,382 |
| Over 90 days | **13,402** | 15,769 |
| | **44,319** | 99,167 |

## 11. BUSINESS COMBINATION

The Company entered into a sale and purchase agreement on 16 May 2019 and supplemental agreements on 15 August 2019 and 3 January 2020 with (among others) Ideal Team Ventures Limited ("Ideal Team"), pursuant to which the Company conditionally agreed to purchase, and Ideal Team conditionally agreed to sell, approximately 86.06% of the total issued share capital of Sino Partner Global Limited ("Apollo"), which together with its subsidiaries (the "Apollo Group") are principally engaged in the design, development, manufacturing and sales of high performance hypercars under the brand "Apollo" worldwide (the "Apollo Acquisition"). The Apollo Acquisition was completed on 17 March 2020.

The aggregate consideration for the Apollo Acquisition comprises:

(a) cash consideration of HK$172,000,000; and

(b) consideration shares of up to 1,655,232,000 ordinary shares of the Company which may be allotted and issued by the Company to Ideal Team (the "Consideration Shares"). In terms of the number of the Consideration Shares which may be allotted and issued, it shall be determined based on a calculation of the consolidated earnings before interests and taxes ("EBIT") of the Apollo Group as shown in the audited consolidated financial statements of the Apollo Group for the year ending 31 December 2021 less the consolidated loss before interests and taxes of the Apollo Group (if any) as shown in the audited consolidated financial statements of the Apollo Group for the years ended/ending 31 December 2019 and 31 December 2020 to be prepared in accordance with HKFRSs ("EBIT Calculation"). The number of the Consideration Shares which may be issued to Ideal Team is as follows:

    (i) if the EBIT Calculation is more than or equal to EUR1,890,000 but less than EUR3,780,000, then 66,432,000 Consideration Shares;

    (ii) if the EBIT Calculation is more than or equal to EUR3,780,000 but less than EUR5,670,000, then 463,632,000 Consideration Shares;

    (iii) if the EBIT Calculation is more than or equal to EUR5,670,000 but less than EUR7,560,000, then 860,832,000 Consideration Shares;

    (iv) if the EBIT Calculation is more than or equal to EUR7,560,000 but less than EUR9,450,000, then 1,258,032,000 Consideration Shares; or

    (v) if the EBIT Calculation is more than or equal to EUR9,450,000, then 1,655,232,000 Consideration Shares.

The Group has elected to measure the non-controlling interests in the Apollo Group at the non-controlling interests' proportionate share of the Apollo Group's identifiable net assets.

The major assets acquired through this business combination include, amongst others, property, plant and equipment, and other intangible assets. Accordingly, the Group has recognised identifiable net assets of approximately HK$140,835,000 and goodwill of approximately HK$648,016,000 in accordance with HKFRS 3 (Revised) *Business Combinations*.

## MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY OVERVIEW

### Mobility Technology Solutions Market

The world faced unprecedented challenges during the Year as a result of the outbreak of the COVID-19 pandemic and the rising uncertainty of the macro-economic environment. The automotive industry is not immune to the disruptions caused by the pandemic. Plummeted demand for new cars, lockdown of cities, slowdowns of production and consequent delays in delivery dampened global vehicle sales in 2020. Despite such circumstances, the electric vehicle ("EV(s)") industry remains a bright spot even though the COVID-19 crisis adversely impacted the automobile industry. According to EV Volumes, which is an EV world sales database, the global sales of passenger plug-in EVs for the first nine months of 2020 reached approximately 1.784 million, representing approximately 11% growth over the corresponding period of 2019 and approximately 3.4% average market share of the entire car market. New opportunities were also created in outsourcing mobility technology solutions in light of the increased demand from automobile original equipment manufacturers ("OEM(s)") for ongoing technological innovations and cost efficiency.

The growth of the automotive market in the People's Republic of China (the "PRC") has resumed. Rebound in demand for automobiles in the PRC starting in the second half of the Year indicated signs of recovery resulting from gradual resumption of industry activities and further containment of the COVID-19 pandemic. Automobile retail sales resumed to growth by the end of the Year following a staggering plunge of approximately 79% in February 2020, according to the China Passenger Car Association. In September 2020, overall car sales in the PRC increased by approximately 8% year-on-year, while sales of the plug-in segment grew by approximately 66% year-on-year, according to the EV Sales Blog.

Governments worldwide continued to take various progressive measures, such as extending subsidies, to encourage and accelerate the adoption of EVs. The PRC Government remained committed to the transition to electrification as part of a long-term strategy to address climate change. In April 2020, the PRC Government announced the extension of tax exemptions on new energy vehicle ("NEV(s)") purchases for two years to 2022, which was previously set to expire at the end of 2020. In addition, 10 cities in the PRC released incentive schemes for the NEV industry. For example, the Guangzhou Municipal Government announced a subsidy of RMB10,000 for each NEV sold between March and December 2020. These measures taken are expected to stimulate the sector's development and boost EV sales in the PRC.

**Hypercar Market**

The outbreak of the COVID-19 pandemic had an impact on the hypercar market to a certain extent, causing delays in launching new car models, cancellation of racing events and disruptions to supply chains during the Year. Nevertheless, whilst the automotive market registered a drop in overall demand caused by various unfavorable factors, demand for hypercars remained nearly unscathed as such market mainly targets ultra-high-net-worth individuals and car collectors and is typically non-cyclical.

## BUSINESS REVIEW

During the Year, the Group successfully accomplished a number of milestones in transforming itself to a mobility technology solutions provider through a series of acquisitions, strategic cooperations and technological innovations.

The Group completed the Apollo Acquisition in March 2020 and officially changed the Company's English name to "Apollo Future Mobility Group Limited" with a new company logo and website address, so as to highlight its strategic position as a full-service mobility solutions provider. To further strengthen its ability in providing cutting edge technological solutions, in October 2019, the Group announced the proposed acquisition of Ideenion Automobil AG ("Ideenion"), a German mobility solutions provider which together with its subsidiaries is principally engaged in the design, development and prototyping of internal combustion engine ("ICE") vehicles and NEVs.

With the completion of the Group's rebranding, the Group now focuses on expanding its three pillars of business, namely automotive manufacturing, engineering services and technology development, being conducted by the Group's two business units, Apollo Automobil and Apollo Advanced Technologies. In addition to the development and sales of hypercars and its cross-branding licensing business under the "Apollo" brand, the Group provides one-stop turnkey mobility technology solutions by integrating Apollo Automobil's and the Group's existing EV technologies, striving to offer the global mobility market with a seamless and comprehensive solution platform for the provision of services from ideation, design, modeling, engineering, simulation, prototype production and actual testing to the delivery of pre-production prototypes to customers. In addition, the Group is also devoted to the research and development ("R&D") of technologies for the mobility industry by allowing external parties to use our internally developed technologies, in return of which the Group receives license fees. The Group launched/commenced the development of several advanced technologies and innovations during the Year including 800V Silicon Carbide ("SiC") Dual Inverter, Urban Delivery Vehicle ("UDV"), Electric Mobility Scooter ("EMS") and Autonomous Development Chassis.

To showcase its latest technologies, the Group participated in the third China International Import Expo ("CIIE") held in November 2020 in Shanghai, PRC. The event marked the Group's global launch as a technology provider in future mobility, at which the Group showcased its proprietary innovations among some 2,000 exhibitors from over 100 countries and regions. The Apollo Intensa Emozione (the "Apollo IE") "Golden Dragon" was showcased at the event, which marked the first appearance of any Apollo IE in Mainland China. The Group was honoured to have business elites, government officials, industry partners and consumers visited its booth and was very encouraged by the discussions and meetings as a result of the CIIE.

Following a successful conclusion of its participation in the CIIE, the Group brought the technologies back home and hosted a technology showcase for the investor community and media in Hong Kong to show the breakthroughs its technologies can bring and how it will redefine mobility.

The Group gained massive media coverage and positive feedback on the fruits of its mobility innovation at both events.

Key milestones in our transformation including acquisitions, strategic cooperations and technological innovations are set out below.

## Change of Company Name

To better reflect its pioneering position in the mobility industry, the Group announced the official completion of its rebranding exercise on 8 May 2020, with the English name of the Company changed to "Apollo Future Mobility Group Limited". The English stock short name of the Company was changed from "WE SOLUTIONS" to "APOLLO FMG" for trading in the shares of the Company on the The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). In addition, the dual foreign name in Chinese of the Company (力世紀有限公司) remaining unchanged will help to maintain stability and development of the Group's business and goodwill in the PRC. Meanwhile, the Company adopted a new company logo, its website address was changed to www.apollofmg.com, marking the Group's new journey to proactively promote its mobility technology business and its determination to explore in-depth technological innovation. The change of company name and rebranding exercise are set out in the announcements of the Company dated 23 December 2019 and 8 May 2020 and the circular of the Company dated 18 February 2020.

## Automotive Manufacturing

*Completed Acquisition of 86.06% of Apollo, a European Hypercar Manufacturer*

The Company entered into a sale and purchase agreement on 16 May 2019 and supplemental agreements on 15 August 2019 and 3 January 2020 with (among others) Ideal Team, pursuant to which the Company conditionally agreed to purchase, and Ideal Team conditionally agreed to sell, approximately 86.06% of the total issued share capital of Apollo, which is principally engaged in the design, development, manufacturing and sales of high performance hypercars under the brand "Apollo" worldwide. The Apollo Acquisition was completed on 17 March 2020. It provides an opportunity to strengthen the Group's business strategy of becoming a world leading mobility solutions provider in the NEV and mobility industry and to create substantial synergies with the Group's other investments in the mobility business. The completion of the Apollo Acquisition is set out in the announcement of the Company dated 17 March 2020.

Every Apollo vehicle is handmade and engineered to perfect precision. The Apollo IE features the first all-carbon fiber production chassis of its kind, from the monocoque to subframes and crash structures. Key features of the chassis are its modular design, increased safety, increased torsional rigidity, symmetrical design and weight reduction. The Apollo IE also incorporates advanced composite materials and three-dimensional ("3D") printed parts in its production.

During the Year, and prior to the completion of the Apollo Acquisition, Apollo delivered two of its flagship hypercar, the Apollo IE. Delivery ceremonies took place in Miami, the United States of America and Kyoto, Japan in late 2019. The Apollo IE "Orange Dragon" even received The Best in Class Award at the Miami Concours.

Subsequent to the reporting period, the third Apollo IE "Black Dragon" was also delivered to customer in Mexico. The delivery of the Apollo IEs received wide attention from media, investor community and industry peers.

**Engineering Services**

*Proposed Acquisition of 100% of Ideenion, a Leading German Mobility Solutions Provider*

To further strengthen its ability in providing cutting edge technological solutions, the Group entered into a sale and purchase agreement with three independent third parties (the "Vendors") on 31 October 2019, pursuant to which the Company conditionally agreed to purchase, and the Vendors conditionally agreed to sell, the entire issued share capital of Ideenion, which is principally engaged in the design, development and prototyping of ICE vehicles and NEVs ("Project Ideenion"). With Ideenion's advanced design and engineering expertise, Project Ideenion is expected to further enhance the Group's ability to provide high-end technological solutions to customers. Project Ideenion is in line with the Group's business strategy of expanding its provision of NEV solutions and services and becoming a world leading full-service solutions provider.

The completion of Project Ideenion is conditional upon the fulfilment of several conditions, including, among other things, the shareholders of the Company having approved Project Ideenion and the specific mandate for the issue of shares of the Company (as part of the consideration) at an extraordinary general meeting of the Company. Further details in relation to, among other things, Project Ideenion are set out in the announcements of the Company dated 31 October 2019, 12 December 2019, 13 March 2020, 11 June 2020, 15 September 2020 and 14 December 2020 and the circular of the Company dated 24 December 2020.

*Formation of a Joint Venture Company with Jinpeng*

In view of the rapid development of the EV industry in the PRC, the Group grasped opportunities for accelerating its business expansion plan in the NEV market by partnering with Chinese automobile OEMs. On 12 November 2019, Jiangsu Jemmell New Energy Automobile Company Limited ("Jemmell", a related company of Jiangsu Jinpeng Group Company Limited ("Jinpeng")), GLM Co., Ltd. ("GLM", a non wholly-owned subsidiary of the Company), and the Company entered into a joint venture agreement pursuant to which the parties agreed to form a joint venture company (the "JV Company") in the PRC to engage primarily in the design, R&D, and production of NEVs and related automobile parts. The JV Company will be owned by Jemmell, GLM and the Company as to approximately 57%, approximately 29% and approximately 14%, respectively.

Jinpeng is one of the largest EV tricycle manufacturers in the PRC with well-established supply chains and distribution channels. Combining with GLM's brand and research capability, the JV Company will primarily engage in the design, research and development, and production of NEVs targeting the young generation to meet the market demands in the PRC, Japan and Southeast Asian countries. Further details in relation to, among other things, the formation of the JV Company are set out in the announcement of the Company dated 12 November 2019.

**Technology Development**

*License Agreement with De Tomaso*

The Group has been actively exploring different sources of income leveraging on its renowned brand name and proprietary technologies. The Group's indirect non wholly-owned subsidiary, Apollo Automobil Limited ("Apollo Automobil"), entered into a license agreement with a term of three years commencing from 12 May 2020 and ending on 11 May 2023 with De Tomaso Automobili Limited ("De Tomaso") whereby De Tomaso is granted the rights to use the new vehicular platform designed and developed by Apollo Automobil ("the Platform") in "De Tomaso" branded vehicles worldwide at a minimum aggregate license fee of US$10,000,000 (equivalent to approximately HK$78,000,000). The cooperation is expected to strengthen the Group's business strategy of creating a turnkey platform for "Future Mobility" and it is expected that the Group will be able to leverage on the success and branding of De Tomaso through the license of the Platform and further market its capabilities to other potential customers. Further details in relation to, among other things, the license agreement with De Tomaso is set out in the announcement of the Company dated 12 May 2020.

*Cooperation with ROHM on Co-development of 800V SiC Dual Inverter*

On 18 February 2020, GLM, a non wholly-owned subsidiary of the Company which engages in the development and sales of EVs in Japan, announced its collaboration with ROHM Co., Ltd ("ROHM"), a semiconductor and electronic component manufacturer, to jointly develop the 800V SiC Dual Inverter.

The newly developed next generation SiC Dual Inverter 800V system incorporates SiC for power element and offers significant advantages over insulated gate bipolar transistor ("IGBT") switching technologies. The 3-in-1 package system is equipped with solid state battery ("SSB") battery management system ("BMS") and integrates two 800V inverters and a Power Distribution Unit, allowing the new inverter system to achieve further miniaturization, weight reduction, higher output and shorter time required for charging compared to the current commonly seen 400V IGBT inverter.

By incorporating this inverter into GLM's new EV system, GLM will be able to further optimize its core technology and expand its component business focusing on the development of new models and the supply of EV systems. Prototype production completed in May 2020 while testing in drivable electric prototype cars is expected to commence at the beginning of 2021. The project aims for mass production in Spring 2022.

*Urban Delivery Vehicle*

The UDV is designed to be a cost and time effective tool to fulfill the last mile in the supply chain. This fully functional proof of concept EV was developed to accelerate customer acceptance and downstream prototype/series development processes.

The UDV is a L7e-CU vehicle (EU regulation) that can be open to numerous use-cases depending on the customer's individual requirements. Key features of the UDV include its Trolley Battery System that allows a Quick-Change-Charging scenario that keeps the vehicle on the road without any delivery downtime, modular cargo units that can be used as closed box or open pick-up, and keyless access that is ideal for fleet and sharing usage.

To achieve low cost manufacturing, the UDV can be shipped in knock-down kits that will be assembled in local micro factories in markets such as Southeast Asia and Middle East and North Africa (MENA) where it will also create job opportunities in the mobility industry. The start of production of the UDV is expected to be in 2022.

*Electric Mobility Scooter*

The EMS is a mobility concept released by GLM. GLM seeks to address the social challenge of freedom of movement facing the ever-growing aging population. It aims to support seniors going through the transition from car to an EMS to continue to stay active, independent and outgoing.

The EMS focuses heavily on the design and the stimulation of the desire to ride a mobility scooter. It gives consumers a design-led product which shows a fun and fresh approach to mobility. The EMS features 2 DC24V 200W motors (for left and right independent drive) and a 24V 60Ah battery at a mere 85 kg. The EMS is undergoing further development with a view to commercialization by the end of 2022.

*Autonomous Development Chassis*

Applying the in-house proprietary chassis technology developed by GLM for the Tommy Kaira ZZ, the Autonomous Development Chassis provides a low cost and easily customizable platform for autonomous driving software developers. The Autonomous Development Chassis features electrical power steering, e-brake system, high power EV motor and 4 LiDAR sensors that can be customized with any autonomous software or algorithm based on customer needs.

**Other Legacy Businesses**

During the Year, due to the deterioration of market conditions primarily caused by the COVID-19 pandemic, the Group continued to scale down its legacy businesses including retailing of jewellery and watches, money lending and property investment. In particular, during the Year, the Group was notified by the Expropriation Office of Dadong District, Shenyang City, PRC that certain investment properties owned by the Group were included in a local expropriation plan. The Group subsequently entered into an agreement with the local bureau to handover certain investments properties for an agreed compensation during the Year. In view of the pessimistic outlook, the Group will continue to gradually shift away from the legacy businesses and focus its resources on the new businesses with more promising prospects.

## PROSPECTS AND OUTLOOK

Sales of passenger EVs are forecasted to fall by 18% in 2020 to 1.7 million worldwide with the COVID-19 pandemic interrupting successive years of strong industry growth, according to the annual Long-Term Electric Vehicle Outlook published by BloombergNEF. Sales of ICE cars are set to drop even faster this year by 23%, while global vision of long-term electrification is projected to accelerate in the years ahead. The report estimates that by 2040, EV models will account for 58% of new passenger car sales globally and 31% of all vehicle models. As vaccines are expected to be available in the near future with a view to control and curb the COVID-19 pandemic, the global automobile market (especially in the PRC) is expected to gradually recover. Long-term prospects of the EV industry is expected to remain positive given strong policy support, ambitious automobile electrification targets and local automakers' commitment.

Strong demand for NEVs and mobility technology solutions are expected to grow by way of unprecedented opportunities. According to a report issued by Grand View Research, the global automotive engineering services outsourcing market size is expected to reach US$469.6 billion by 2027, representing a compound annual growth rate of 27.8% from 2020 to 2027. Growing partnerships between OEMs and engineering service providers and utilisation of technologies to enhance efficiency and safety enhancement are expected to drive market development. Apart from conventional engineering capabilities such as modeling, drafting, and testing automobile parts, the growing trend of shared mobility, autonomous driving, advanced driver-assistance systems, powertrain engineering and connectivity are expected to create more opportunities for the market.

To grasp the opportunities in the NEV market, the Group is working diligently on technological advancement by accelerating the launch of the breakthrough 800V SiC Dual Inverter system as well as other mobility innovations being developed by the Group including the UDV, EMS and Autonomous Development Chassis. The Group is also stepping up to explore cooperation opportunities with motor manufacturers under a licensing model to market the new 800V SiC Dual Inverter (equipped with the BMS with SSB) and the motor manufacturers' own motors as a complete package to international mobility brands. Furthermore, the Group is proactively exploring collaboration with different business partners globally for various applications of its technologies which will further expand the Group's source of revenue and to allow better focus on R&D and innovation.

The Group is constantly identifying and developing new technologies that can significantly re-shape the mobility industry. Not only is the Group able to deliver mobility products and engineering services, it is also developing proprietary technologies and solutions tailored around artificial intelligence, intelligent infrastructure, applied materials, safety and state-of-the-art modular platform technology.

The Group targets to deliver the remaining seven Apollo IEs by 2021 and create more consumer products. Both Apollo and GLM are in the process of designing and developing next generation own brand vehicles. Following its successful track record, the Group is confident in its robust product pipeline and the future of its mobility business.

In view of the potential opportunities and risks brought by the COVID-19 pandemic, the Company entered into a subscription agreement with certain investors on 7 December 2020 to further strengthen its capital base in order to sail through the storms.

Looking forward, the Group believes that the disruption caused by the COVID-19 pandemic is temporary and the Group will continue to strive to achieve the ultimate sustainable future of mobility by providing cleaner, safer and smarter mobility options and technologies to build ecosystems that will connect people, goods and services.

## FINANCIAL REVIEW

During the Year, the revenue of the Group decreased by approximately 33.3% year-on-year to approximately HK$357.7 million as compared to approximately HK$536.4 million last year. The revenue comprised of sales of jewellery products and watches of approximately HK$291.9 million (2019: HK$421.1 million), interest income from loan financing of approximately HK$46.0 million (2019: HK$79.6 million), rental income from investment properties of approximately HK$16.3 million (2019: HK$31.5 million) and sales and distribution of vehicles and provision of engineering services of approximately HK$3.5 million (2019: HK$4.2 million). During the Year, sales of jewellery products and watches decreased due to (i) the termination of the wholesale distributorship of certain jewellery products and watches in the PRC; and (ii) weak sentiment in the retail market. Income from loan financing also decreased due to deterioration in market conditions. In addition, rental income decreased as certain investment properties in Shenyang, PRC were expropriated by the local government. Furthermore, due to lockdowns in Germany and Japan as a result of the COVID-19 pandemic, delivery of vehicles and certain engineering projects were disrupted which caused a decrease in the sales and distribution of vehicles and provision of engineering services.

The Group's gross profit amounted to approximately HK$125.9 million for the Year as compared to approximately HK$142.6 million last year. The gross profit margin increased to approximately 35.2% (2019: 26.6%) mainly due to the absence of a write down of inventories of approximately HK$40.8 million recorded last year.

Other gains and losses, net for the Year mainly comprised of: (i) fair value losses of investment properties of approximately HK$26.6 million (2019: HK$71.7 million) due to the worsening of the market condition in Mainland China; (ii) gain on expropriation of investment properties of approximately HK$315.9 million (2019: Nil) (which also resulted in a decrease in investment properties, an increase in prepayments, deposits and other receivables mainly due to an increase in compensation receivables from the local government and a one-off tax expense of approximately HK$353.3 million provided in accordance with the relevant tax regulations concerning the expropriation); (iii) impairment of loans receivable of approximately HK$29.1 million (2019: HK$257.3 million); (iv) fair value losses of financial assets at fair value through profit or loss of HK$133.3 million (2019: HK$21.9 million) due to unfavorable market conditions; (v) impairment of goodwill of approximately HK$29.6 million (2019: HK$199.3 million) due to the termination of the wholesale distributorship of certain jewellery products and watches in Mainland China; and (vi) fair value loss on contingent consideration payable of approximately HK$21.9 million (2019: Nil) arising from the Apollo Acquisition.

Other income, selling and distribution expenses, general and administrative expenses and research and development costs remained relatively stable.

Income tax expense significantly increased due to the inclusion of a one-off tax provision resulting from the expropriation of investment properties as discussed above.

As a result of the foregoing, the Group's loss for the Year reduced from approximately HK$619.3 million last year to approximately HK$359.4 million for the Year.

## Significant Investments Held

*Investment in EV Power*

EV Power Holding Limited and its subsidiaries ("EV Power") are principally engaged in the provision of convenient, safe and cost-effective EV charging solutions in Hong Kong and the PRC. The company ranked fourth in the PRC, covering 28 major cities in the country. It operates more than 6,000 charging stations and manages more than 23,000 charging piles. The Group's investment in EV Power represents an opportunity for the Group to create strong synergies with EV Power through the Group's proprietary EV technologies and thereby completing the full value chain of mobility.

*Investment in Divergent*

Divergent Technologies, Inc. ("Divergent") is a company based in the United States of America which uses 3D metal printing technology through its patented hardware and software platform to conduct research, design, development and production of 3D printed vehicle structures. Not only does the patented digital manufacturing system radically 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 OEMs.

## Liquidity, Financial Resources and Gearing

As at 30 September 2020, the cash and cash equivalents of the Group amounted to approximately HK$184.5 million (2019: HK$447.6 million), which were mainly denominated in HK$, Renminbi ("RMB"), Euro and Japanese Yen.

The current assets and current liabilities of the Group were approximately HK$1,677.1 million and HK$869.9 million, respectively (2019: current assets of approximately HK$1,190.4 million and current liabilities of approximately HK$407.4 million). The net current assets comprised of inventories of approximately HK$172.7 million (2019: HK$214.8 million), accounts receivable, prepayments, deposits and other receivables of approximately HK$639.0 million (2019: HK$52.3 million), loans receivable of approximately HK$678.1 million (2019: HK$473.8 million) and financial assets at fair value through profit or loss of approximately HK$1.4 million (2019: HK$2.0 million).

The Group's inventory turnover, accounts receivable turnover and accounts payable turnover periods for the year were 305 days, 26 days and 113 days, respectively. Overall, the turnover periods were consistent and in line with the respective policies of the Group on credit terms granted to customers and credit terms obtained from suppliers.

During the Year, the Group financed its operations and investment activities through a combination of (i) operating cashflows; and (ii) interest-bearing borrowings. As at 30 September 2020, equity attributable to owners of the Company amounted to approximately HK$3,607.2 million (2019: HK$3,924.3 million).

The Group's total interest-bearing bank and other borrowings as at 30 September 2020 amounting to approximately HK$167.0 million (2019: HK$126.5 million) were mainly denominated in RMB and Japanese Yen. The interest-bearing bank and other borrowings were mainly used for working capital purpose and all of which were at commercial lending variable interest rates. The maturity profile was spread over a period, with approximately HK$147.5 million repayable within one year and approximately HK$19.6 million repayable after one year.

The Group monitors capital on the basis of the gearing ratio. As at 30 September 2020, the gearing ratio was approximately 4.5% (2019: 3.1%). This ratio is calculated as total debts divided by total equity.

**Contingent Liabilities**

At the end of the reporting period, the Group had contingent liabilities not provided for in the financial statements in respect of certain corporate guarantees given by a subsidiary of the Company (the "Subsidiary") to certain property purchasers who purchased properties from a former investee of the Subsidiary to the extent of HK$53.2 million in connection with certain property transactions and other arrangements of the former investee in prior years.

Save as disclosed above, the Group had no other significant contingent liabilities as at 30 September 2020.

**Pledge of Assets**

As at 30 September 2020, the Group's freehold land and buildings, certain building including right-of-use assets and accounts receivable with an aggregate carrying amount of approximately HK$110.9 million were pledged to secure certain bank loans to the Group of principal amount of approximately HK$77.7 million.

**Final Dividend**

The Board does not recommend the payment of any dividend in respect of the Year (2019: Nil).

## Capital Management

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

## Foreign Exchange Exposure

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

## Events After the Reporting Period

(a) On 7 December 2020, the Company and no less than six subscribers (the "Subscribers") entered into a subscription agreement (the "Subscription Agreement"), pursuant to which the Subscribers have agreed to subscribe for, and the Company has agreed to allot and issue to the Subscribers, an aggregate of 1,066,596,000 new ordinary shares of the Company at the subscription price of HK$0.46 per subscription share (the "Subscriptions").

    Further details in relation to, among other things, the Subscriptions are set out in the announcement of the Company dated 7 December 2020.

(b) The Company published a circular dated 24 December 2020 in relation to, among other things, Project Ideenion.

## Material Acquisitions or Disposals

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

### Employees and Remuneration Policies

As at 30 September 2020, the Group had 204 (2019: 221) employees. In addition to basic salary, employees are entitled to other benefits including those under social insurance contribution, employee provident fund schemes and share option scheme of the Company. The remuneration of employees was in line with market trend and commensurate to the levels of pay in the industry and to the performance of individual employees that are regularly reviewed each year.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, there was no other specific plan for material investments or capital assets as at 30 September 2020.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

## CORPORATE GOVERNANCE

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

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

## AUDIT COMMITTEE

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

As at the date of this announcement, the Audit Committee consists of the following members, all being independent non-executive Directors:

Mr. Teoh Chun Ming *(Chairman)*

Mr. Tam Ping Kuen, Daniel

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 annual results and the financial statements for the Year.

## SCOPE OF WORK OF THE COMPANY'S AUDITORS IN RESPECT OF THIS ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the Year as set out in this announcement have been agreed by the Company's auditors, Ernst & Young, certified public accountants, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

## PUBLICATION OF ANNUAL REPORT

The 2020 annual report of the Company will be published on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.apollofmg.com) and despatched to shareholders of the Company in due course.

## APPRECIATION

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

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

Hong Kong, 30 December 2020

*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; one non-executive Director, namely Mr. Zhang Jinbing (Co-Chairman); 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.*